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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER
No. 29,913
Friday April 25 1986
D 8523 B

The task facing
Philips'
new chief, Page 21

Duchess of Windsor dies

The Duchess of Windsor, the US-born Mrs Wallis Simpson, who married the British monarch King Edward VIII in 1937, died in Paris, aged 89. She was at the heart of a constitutional crisis 50 years ago when the King's determination to marry her led to the abdication crisis of 1936 and resulted in a monarch voluntarily giving up the British throne for the first time for 11 centuries.

Mrs Simpson had been twice divorced when she married the Duke of Windsor. Rather than give up the woman he loved, the King went into exile, thus giving rise to a romantic legend.

Since the Duke's death in 1972, the Duchess had lived a secluded life in their house in Paris.

Greek reshuffle
Andreas Papandreu, Greece's Prime Minister, relinquished the post of Minister of Defence which he held for the past 4 years, in a government reshuffle. The new Defence Minister is Yiannis Charalambopoulos.

Chirac visit
Jacques Chirac, France's Prime Minister, is to have talks in London with Margaret Thatcher, Britain's Prime Minister, tomorrow morning before flying to Milan to see Bettino Craxi, the Italian Prime Minister, in the afternoon. Chirac sets course, Page 2

Anti-nuclear vote
Denmark's parliament passed an opposition motion criticising the US for resuming nuclear weapon tests.

Deaths as ship sinks
At least 24 people were killed and 130 were missing after a passenger ship sank off the central Philippines.

Prisoners freed
The Christian Lebanese militia in Beirut freed 36 Muslim prisoners, including two Syrians and two Egyptians, in the first release of militia kidnap victims for months, witnesses said.

Restrictions eased
East Germany is permitting more of its citizens below retirement age to visit family and friends in West Berlin and West Germany than at any time since the building of the Berlin Wall nearly 35 years ago. Page 3

Soviet housing call
The Soviet Communist Party said the country faced an acute housing problem and called for urgent changes to improve the quality of accommodation.

Unicef suspends work
Unicef has suspended operations in one southern Sudanese province after a series of rebel actions that affected its work there.

Norwegian dispute
Norway's Labour Minister Arne Rettedal said the Government would probably use enforced arbitration procedures to end an 18-day oil dispute that has halted all Norway's oil and gas production. Page 3

Peru army sweep
A Peruvian army sweep mounted on rebel cave hideouts has killed 22 Maoist guerrillas, bringing to 43 the number of people slain over the past week in Ayacucho state, the military said.

Smokers hit back
The 3,000 employees of Imperial Tobacco of Montreal, Canada's biggest tobacco company, have been told to avoid travelling on Air Canada after the airline's decision to ban smoking on some of its most popular flights. Page 5

Expensive city
Tokyo has taken over from Lagos as the most expensive city to visit in the world, according to a survey published by an independent research group.

P&O launches double takeover

PENINSULAR and Oriental Steam Navigation, the UK property and shipping group, launched a £28m (£80m) expansion package with simultaneous bids for Stock Conversion, a property investment group, and Overseas Containers, a container shipping operator of which it already owns 41 per cent. The bid for Stock Conversion, which values the company at £277m, was rejected as "unsolicited and unwelcome." Page 22; feature, Page 20; background, Page 30

DOLLAR rose in London to DM 2.1900 (DM 2.1935), SF 1.8385 (SF 1.8340) FF 1.7150 (FF 1.7025) but fell to Y168.75 (Y168.80). On Bank of England figures, the dollar's exchange-rate index rose to 114.6 from 114.5. Page 39

STERLING rose in London to £1.5355 (£1.5240). It also rose to DM 3.3775 (DM 3.2425), SF 2.8225 (SF 2.7950), FF 1.077 (FF 1.0725), and Y259.25 (Y257.25). The pound's exchange-rate index rose to 76.4 from 75.7. Page 39

LONDON: The FT Ordinary fell 14.0 to 1,248.0 and the FT-SE 100 dropped 17.2 to 1,515.5. Gilt was also lower. Page 46, Page 22

WALL STREET: By 2pm the Dow Jones industrial average was up 5.21 at 1,894.62. Page 46

TOKYO: The Nikkei stock average lost 65.97 to 15,682.05. Page 46

GOLD fell \$1.50 an ounce in the London bullion market to close at \$344.75. It also fell in Zurich to \$344.60 from \$346.00. Page 38

ITALIAN Treasury Ministry cut discount rate by 1 percentage point to 13 per cent, the third reduction in six months. Italy's payments deficit widened to L1,942bn (£1.29bn) in March from L1,960bn in February.

CUBA DEBT: Fact-finding mission from Paris Club of Western creditors opened discussions as a preliminary step towards negotiations on rescheduling part of Havana's \$3.5bn foreign debt.

TRADE: President Ronald Reagan won a narrow victory when the Senate Finance Committee agreed to give him the authority to negotiate a free trade agreement with Canada.

TATE & LYLE, British sugar refiner, will launch a cash-and-shares bid for S. W. Berisford, the commodity trading group, providing a Berisford management buy-out, valued at £200m (£300m), can be agreed within the next fortnight. Page 22

ICI, Britain's leading chemicals group, blamed falling oil prices and a weak market for agricultural chemicals for a 24 per cent decline in first-quarter profits to £24m (£310m). Lex, Page 22; details, Page 30

DU PONT, largest US chemicals group, said its net profits jumped from \$145m to \$404m despite a \$131m charge for an early retirement programme and a disposal. Page 23

VOLVO, Swedish motor, energy and foods group, said it had succeeded in its S&P 13bn (£182m) bid for full control of Sonasens, its biotechnology and pharmaceuticals affiliate. Page 23

BNP, France's biggest bank and the sixth-largest in the world, lifted net earnings 21.8 per cent to FF 1,982bn (£284m) last year and announced plans to raise FF 3,880bn through an issue of non-voting stock. Page 23

ZONDERVAN, largest US publisher of Christian books and second biggest Bible printer, is the subject of a \$95m takeover bid by Christopher Moran, a London investor.

DEUTSCHE BANK halted the sale of shares in Feldmühle Nobel, formerly part of the Plick group, because of heavy oversubscription, and said bids would be drawn for the available stock. Page 23

DELTA Airlines, fifth-largest US domestic carrier, blamed a price war and falling passenger revenues for a \$4.35m loss in its third quarter, compared with a profit a year earlier of \$41.7m.

WE REGRET that North American prices are incomplete in this edition due to computer problems.

Shultz denies US plan to attack Syria or Iran

BY REGINALD DALE IN WASHINGTON, LAURA RAUN IN THE HAGUE AND WALTER ELLIS AND PHILIP STEPHENS IN LONDON

THE US has no plans for military action against Syria or Iran because of their possible involvement in anti-American terrorism, Mr George Shultz, the US Secretary of State, said yesterday. He noted, however, that President Ronald Reagan had set out US policy on state-sponsored terrorism in "clear and stark terms."

Mr Shultz's remarks, in a television broadcast to Europe and Japan, came as Administration officials appeared to be trying to tone down a statement by Mr Reagan on Wednesday, in which he said that the US would take military action against Syria and Iran if Washington had conclusive evidence of their involvement in terrorist attacks.

In Beirut, meanwhile, Mr Giles Shaw, the Minister of State at the Home Office, told the House of Commons that there was no information suggesting a Libyan connection with yesterday's bomb blast outside a British Airways office in central London.

The blast, which caused serious damage to the airline premises in its early hours of yesterday morning, might have been directed either at the UK state airline or at the American Express Company and American airline offices on the ground floor of the building in Oxford Street.

In spite of a Libyan threat to retaliate against American and UK targets in the wake of last week's British-backed US air raids on Libya, police in London yesterday refused to speculate on who might have been responsible.

Earlier, in Tripoli, Mr Muhammad Ali Sharrar-al-Din, the Libyan Information Minister, said the blast would be blamed on his country so that the US would have an excuse to attack again.

No one was injured by the explosion, caused by a device of unspecified size left in the street outside the building. One woman living nearby was treated for shock. Buildings in the vicinity of the British Airways office were damaged, but Oxford Street itself was reopened to traffic by midday.

Had the blast occurred during office hours instead of at 5am the risk of death and injury would have been considerable, police said.

Anti-Terrorist Squad detectives handling the investigation were cautious about rival claims of responsibility, made to Scotland Yard and various news organisations. One name allegedly from the Scottish National Liberation Army and another from the so-called Angry Brigade.

The Angry Brigade, a group of left-wing militants responsible for several explosions in the UK in the late 1960s, said the bomb had been planted "in retaliation for Britain's involvement in the American bombing of Libya."

Mr Reagan's critics have frequently claimed in recent days that the logic of his policy should also mean military strikes against Syria and Iran, and that he has only attacked Libya because it is an easier target.

Any strike against Syria, it is believed in Washington, would involve far higher American casualties and a greater risk of Soviet intervention. The Administration has said that it will not automatically retaliate for each terrorist incident, but that it will decide its response on a case-by-case basis, depending on the circumstances.

Record EEC fines for polypropylene price-fixing

BY PAUL CHEESERIGHT IN BRUSSELS AND TONY JACKSON IN LONDON

FIFTEEN international chemical companies have been fined Ecu 87.8m (\$52.2m) between them by the European Commission for price fixing and market sharing in polypropylene - one of the most widely used plastics - between 1977 and 1983. The fines follow a two-year investigation.

The most heavily penalised is Montedison, part of Montedison of Italy, whose fine of Ecu 11m is the largest imposed on a single company for a breach of competition rules.

Imperial Chemical Industries has been fined Ecu 10m, the largest ever imposed on a British company. Two other companies also considered as leaders of a cartel - Hoechst of West Germany and SRI Chemical of the UK - were fined Ecu 9m each. Smaller fines were levied on 11 other companies. ICI and Shell both said they would be considering an appeal to the European Court of Justice as soon as they had seen the full text of the judgement.

Announcing the fines yesterday, the Commission also disclosed that it was investigating possible breaches of the competition regulations in two other basic plastics, PVC and polyethylene.

The disclosure caught the industry by surprise. ICI said "the commission made enquiries on PVC and low-density polyethylene in early 1984, at the time they were investigating polypropylene. We responded, and have heard nothing from them since." Other European manufacturers said they had had no contact with the Commission on these products at all.

Investigation appears to be at a very early stage and the evidence accumulated so far is believed to be slight. The disclosure of the investigation, running against the normal Commission practice of discretion in such matters, was seen as a call for interested informants to come forward.

The investigation of the polypropylene started with a series of raids

Company	Country	Amount (million Ecu)
Montedison	Italy	11.00
ICI	UK	10.00
Hoechst	Germany	9.00
Shell	UK	9.00
Noracel	Belgium	2.75
Neos	Germany	2.75
Basf	Netherlands	2.75
BASF	Germany	2.5
Solvay	Belgium	2.5
Ata Chem	France	1.75
Line	Austria	1.0
Stat Oil	Norway	1.0
Aral	Netherlands	0.75
Petrofina	Belgium	0.6
Rhone-Poulenc	France	0.6

sponsored, and have heard nothing from them since. Other European manufacturers said they had had no contact with the Commission on these products at all.

ICI results, Page 30

Continued on Page 22

GE may buy control of Kidder Peabody

By Terry Dodsworth in New York

DIRECTORS of Kidder Peabody, the privately held, 121-year-old Wall Street securities firm, are believed to have decided in principle on the sale of a majority interest in the group to General Electric's fast-growing Credit Corporation (GECC) division.

The proposed deal follows a spate of capital-raising on Wall Street which has seen three large private firms offer part of their equity to the public within the last 12 months. Kidder Peabody, a moderately sized partnership with a strong client list and a sound reputation for research and investment banking, said recently that it was also looking for fresh capital. But it specifically denied at that time that it would sell itself to a larger enterprise.

Wall Street analysts said yesterday that the terms were likely to involve the sale of about 38 per cent of the group for roughly \$600m. That would put a value on the purchase of something over 22 times the book value of Kidder's equity, roughly in line with the recent share flotations by Bear Stearns and Morgan Stanley.

It is an absolutely ideal agreement," said a rival Wall Street broker yesterday. They get a rich sponsor, all the capital they need and they will be able to keep the people they have in place. It's like having your cake and eating it too."

Although General Electric would not confirm the negotiations yesterday, it is known to have been interested in expanding on Wall Street, and its GECC is a fast-growing financial conglomerate operating in a variety of fields including commercial leasing, leveraged buyouts and insurance.

Bonn resists pressure to boost growth

BY RUPERT CORNWELL IN BONN

WEST GERMANY yesterday served notice that it would resist any pressure that might arise at next month's Tokyo economic summit for extra measures to boost growth and to reduce a trade surplus that might top \$35bn this year.

In the last few days there have been new hints from Washington in particular that Bonn, boasting zero inflation yet unemployment exceeding 9 per cent, should do more to stimulate domestic demand.

By accident or design, this is a re-run of the policy debate which took place before last year's summit in Bonn. On that occasion, West Germany refused to budge. Chancellor Helmut Kohl has now declared that he will defend the same line in Tokyo.

To underline the message, the Bundesbank yesterday left West German interest rates unchanged despite Washington and Tokyo's latest and co-ordinated 1/2 percentage point cuts in their discount rates.

Without them, Bonn maintains, Japan's surplus - unlike that of West Germany - is likely to show little change even over the medium term, despite the steady appreciation of the yen.

West Germany's by now familiar resistance to foreign pressures to reduce more vigorously stems largely from its abhorrence of inflation, even though prices are now virtually stable, largely as a result of the oil price collapse, and likely to remain so for a while yet.

The Government wants to do nothing to hasten the day when this trend will be reversed, especially since it will fight the general election.

Continued on Page 22

BL keeps Land Rover for now

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

THE LAND ROVER and Freight Rover businesses are to be retained within BL, Britain's state-controlled motor group, for the time being although they may be floated off or sold to another company in a year or two.

Mr Paul Channon, the UK Trade and Industry Secretary, yesterday announced in the House of Commons that the Government had accepted the recommendation of the BL board that none of the four proposals for taking over the two businesses should be pursued. The board had concluded, on both commercial and industrial grounds, that the retention of the businesses within BL pending a later sale presented a more attractive option for BL than any of the bids, he said.

Mr Channon faced strong opposition attacks and criticism from a sizeable minority of Tory backbenchers over his decision, which temporarily halts a search of nearly two years for a buyer for parts of BL.

Many Tory MPs, and privately ministers, are embarrassed by the apparent turnaround and irresolution shown by the Cabinet in the past three months over first the ending of talks with Ford over Austin Rover, then with General Motors, and finally the retention of Land Rover.

Mr Channon gave no clarification about the future of the troubled trucks and van division and said nothing had changed since talks with GM were called off at the end of March. The future of the bus division is still being explored.

His main theme was that Mr Graham Day, who takes over as chairman of BL next Thursday, should be left to look at all the options available.

Mr Channon declined to say whether any further public investment would be required for BL as a whole although he said that there had been no proposals from the BL board for injections of equity into Land Rover-Leyland.

Mr Channon was ambiguous about the timing of any deal referring to privatisation at a later date either through flotation or a trade sale. At one point, he referred to "a year or so's time," while later he talked of disposal after "a period of stability now taking place." He refused to rule out any sale before the next general election which must take place by June 1988.

Mr John Smith, the Labour Party's trade and industry spokesman, argued that Mr Channon had only increased uncertainty for the companies concerned which were now "on melting ice." He said that the events since August 1984 had shown "the total unfitness and ineptitude" of a series of Secretaries of State.

There was strong criticism from several West Midlands MPs, among them Mr John Taylor and Mr Roger King, both from Birmingham, who had favoured a management buy-out of Land Rover which, they claimed, was in line with Conservative Party principles.

Similarly, disappointment was expressed by Mr Michael Grylls, the chairman of the Tory backbench trade and industry committee, while Mr Anthony Beaumont-Dark, a Birmingham MP, said he was "bewildered" by what had happened.

Attack on takeover block, Page 14

Marcos gold hoard traced to Europe

By Alain Cass, Asia Editor, in London

THE PHILIPPINES government commission charged with recovering the illegal assets of Mr Ferdinand Marcos, the deposed President, has taken a significant step forward in establishing the existence of a hoard of gold in Europe.

Two West German nationals, apparently working for Mr Marcos and with close links to senior army officers and government officials still loyal to the former president, have confirmed the presence of substantial gold deposits which form part of the \$5bn-\$10bn hoard away during his 20 years in office.

The two men are believed to be part of an international network of agents used by Mr Marcos, his family and associates to manage their hidden wealth abroad. They arrived in Manila last week posing as tourists after travelling from Hawaii, where they met Mr Marcos.

One aspect of their activities that has alarmed the Manila Government is their apparent links with senior members of the military and civilian authorities who remain loyal to Mr Marcos and who have been helping the group to safeguard the hidden assets in the Philippines and abroad.

The West Germans had been secretly shipping abroad what remains of Mr Marcos' valuables in the Philippines under the noses of the new Government since the deposed leader fled to Hawaii two months ago, according to officials.

President Corason Aquino has ordered a full investigation and the two men have voluntarily agreed to help the authorities. They are now being questioned by the army's intelligence branch.

Their disclosures about gold deposits in Europe have been independently confirmed to the commission by senior army officers who had been close to President Marcos before his fall.


The legend of Marcos' gold - said to have been the special preserve of his wife Imelda - has been around for years but this is the first time its existence has been reliably confirmed.

The commission still has to establish the size of the deposits and in which country they are, but commission officials are confident that they run into hundreds of millions of dollars.

That Mr Marcos had gold to trade was first confirmed by the existence of a draft contract for the sale of bullion against cash found in the drawer of his personal desk in the

Continued on Page 22

Marcos' millions, Page 4



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Poland takes West to task over high interest rates

BY OUR FOREIGN STAFF

INTEREST RATES charged by the West are still too high and constitute too great a burden on debtor countries, despite the recent fall in the rates, Mr Stanislaw Nieczaj, the Finance Minister, said here yesterday.

He reassured Poland's creditors that the government was opposed to any unilateral moves to renounce the country's debt obligations, which rose from \$29.5bn (£19.2bn) to \$31.2bn in the quarter of 1986. But the minister said that high interest rates and the lack of new economic credits were limiting Poland's payment possibilities.

Mr Nieczaj urged the West to normalise its financial relations with his country by extending fresh loans and said the Soviet trading bloc, Comecon, had lent \$100m this quarter.

Mr Zbigniew Karz, Poland's senior debt negotiator, cautioned yesterday against assuming that the country's debt burden had eased significantly by pointing to the danger of a fall in prices of the goods which Poland exports such as coal and a subsequent fall in earnings.

Mr Nieczaj revealed that over the first three months of the year Poland had raised \$80m in medium- and long-term credits, some of them from Austria and West Germany and a similar \$100m credit from the Comecon International Bank for Economic Co-operation.

The latter loan was to be used to repay short-term credits, Mr Nieczaj said.

He was speaking on the day after the Parliament here had passed a law permitting the establishment of joint ventures with foreign capital under which taxes on profits would reach 50 per cent, with tax relief provisions for exporting enterprises.

Last year, Poland raised a total of no more than \$220m in new credits and next week the Poles go to London for talks with Western banks on re-scheduling a \$800m capital repayment due this year.

In the first quarter of the year Poland had a mere \$100m surplus on its balance of payments. But Mr Nieczaj predicted that this would reach \$500m by the end of June.

The surplus target for the year is \$1.5bn, with exports set at \$6.2bn and imports at \$4.6bn.

Kremlin orders speed-up in housing construction

BY OUR MOSCOW CORRESPONDENT

THE KREMLIN leadership has ordered urgent moves to improve the construction of housing and its fair spread among Soviet citizens, one-fifth of whom are still without individual accommodation and must live in communal flats, dormitories or with relatives.

A decree from the Central Committee published yesterday issued a host of instructions to housing enterprises and national and local officials intended to meet the Communist Party's goal of giving every Soviet family an individual home by the year 2000.

The measures stress especially the need for fair allocation of housing, one of the sectors

which in recent years had become notorious for corruption.

In Moscow, in particular, scandals concerned the padding of statistics to make it appear that more flats had been completed than was really the case, while officials were reported to be accepting bribes of thousands of roubles for allocating coveted and scarce apartments.

The decree also gave the rural population, owners of individual garden plots and farm and village authorities more power to encourage the building of individual houses that have long been built with materials and labour siphoned off from the state sector.

Oslo may enforce oil strike settlement

The Norwegian Government is likely to enforce a settlement of the strike and lockout which has shut out Norway's oil and gas fields since April 6, writes Fay Gjester in Oslo. An attempt at mediation in the pay dispute broke down yesterday.

If an enforced settlement is sought, parliamentary approval will be needed. The dispute could continue until then, but unions and employers normally suspend industrial action as soon as the Government says it will ask Parliament to refer a dispute to the state wages board.

The dispute has lasted so long that it is beginning to have repercussions on other sectors of Norwegian industry. It is costing the country large sums in lost revenue and the extension of the action to the British side of the Frigg gas field has made the situation even more serious.

Finnish strike threat

Finnish road transport workers said yesterday they were considering a walkout over their claim for a 4 per cent pay increase as the stoppage by 45,000 state employees entered its ninth day with no signs of a solution. Reuter reports from Helsinki.

State employees, demanding pay rises of up to 20 per cent, have shut down rail services, most flights at Helsinki airport, closed post offices and cut services at all state offices.

Italy to boost growth

Italy's Treasury Minister Giovanni Goria said yesterday he was planning a medium-term strategy aimed at reducing inflation to about 4 per cent, from the current 7.3 per cent, and increasing economic growth to 3.5 per cent in 1986 from 2.3 per cent last year.

Reuter reports from Rome. The minister also said public spending should fall to 10 per cent of gross domestic product in 1986 from the present 15.9 per cent.

Disneyland go-ahead

France's Government yesterday said it would go ahead with a project to build a giant Disneyland amusement park east of Paris, and named Mr Denis Baudouin, a senior aide to Prime Minister Jacques Chirac, as the negotiator.

Reuter reports from Paris. A letter of intent, which was signed between the US company and the French government in December last year, was supposed to lead to a final contract within three months.

Arms talks charge

The Soviet Union yesterday accused the US of urgently trying to achieve military superiority and of blocking bilateral and multilateral arms control talks. AP reports from Geneva.

Mr Viktor Izraelyan, the chief Soviet delegate at the 40-nation Conference on Disarmament, also charged the US with carrying out "an anti-Soviet campaign... full of all kinds of pretexts and insults."

Wine scandal arrests

The Italian authorities have arrested two wine merchants and are seeking another in connection with the tainted wine scandal which has claimed 23 lives, the Milan prosecutor's office told AP. The latest arrests bring to 16 the number of those jailed in the case. At least seven others are being sought.

Turkey wins approval

The committee of ministers of the Council of Europe have decided to give Turkey the presidency of the Council in the autumn in recognition of the country's progress towards democratic rule. AP reports from Strasbourg.

Turkey has been under attack in the Council in recent years over human rights.

French forecast

The slump in oil prices and in the dollar could help cut French annual inflation to 1.9 per cent in 1986, from 4.7 per cent last year, the French economic forecasting body, OFCE, says in its latest survey. Reuter reports from Paris.

It also predicted a foreign trade surplus of FF44bn, a balance of payments surplus of FF760bn and economic growth of 2.9 per cent.

FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd, Frankfurt Branch, represented by E. Hugo, Frankfurt, Main, members of the Board of Directors: F. Barlow, R.A.P. McClean, G.T.S. Danner, M.C. Gorman, R.E.P. Palmer, London. Printer: Druckerei-GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. 54, 6000 Frankfurt am Main 1, G. The Financial Times Ltd, 1986.

FINANCIAL TIMES, USPS No. 100640, published daily except Sundays and holidays. U.S. subscription rates \$60.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

EUROPEAN NEWS

Tokyo topples Lagos as world's most expensive city

TOKYO HAS moved ahead of Lagos to become the world's most expensive city for foreigners, while a weaker dollar lowered living costs for them in the United States, according to a survey published yesterday. AP reports from Geneva.

With an index figure of 155 against New York's 100, Tokyo topped a list of 99 cities in the survey of executive living costs compiled annually by Business Inter-

national, a Geneva-based research and consultancy firm. The Paraguayan capital of Asuncion figured at the bottom end with an index of 39. Lagos, which had taken first place since 1982, dropped to third position with an index of 140, behind Tehran (143) and ahead of a host of other African cities. The survey pointed to the strength of the yen against other currencies as a factor determining the change at the top.

It also noted that foreigners in Tehran have no regular access to ration coupons for low-price purchases and that the high living costs in Lagos are due to exorbitant black market prices caused by import controls and shortages. Quoting examples, the survey said a colour TV set costs \$3,000 in Lagos, while in Tokyo one kilogram of roast beef is close to \$50, about 50 times the price charged by an Asuncion butcher.

Oslo remained the most expensive European city, but moved up from 28th position last year to eighth with an index of 113, ahead of ninth-placed Chicago and San Francisco at 103. Athens was listed as the cheapest European city with an index of 67. The survey is based on a "weighted" index taking into account food, household supplies, recreation, transport and other selected items but not including rental costs of housing.

Results are based on exchange rates in effect in late January. Even small changes could alter drastically the cities' rankings, the survey stressed.

Positions of selected other cities are as follows: Paris and Dublin (27th); Rome (41); London and Amsterdam (44); Madrid (62); Istanbul (87); Johannesburg (91); Mexico City and Rio de Janeiro (96).

Hungarians urge more export incentives

BY DAVID BUCHAN

HUNGARIAN companies would like the Budapest Government to consider further export incentives before giving any thought to import curbs, as a means of improving the country's worsening trade balance, Mr Tamas Beck, president of the Hungarian Chamber of Commerce, said in London yesterday.

Leading a Hungarian industrialists' delegation to the UK, Mr Beck welcomed the recent moves by the Budapest central bank to lower export credit interest rates and to devalue the forint by an average 3 per cent against a basket of Western currencies.

Because of a simultaneous change in the trade-weighting of this currency basket, the forint fell about 6 per cent against the D-mark to promote sales in the all-important West German market.

In the first two months of the year, total hard currency exports fell 1 per cent compared to the same period of 1985, while imports rose 20 per cent, resulting in \$160m (£106m) deficit.

Preliminary statistics for the first quarter as a whole show a modest improvement, with exports to the industrialised West showing a 16 per cent increase and imports from the same area increasing only slightly more, trade officials in Budapest said yesterday.

Mr Beck believed that special import restrictions of the kind Hungary imposed in 1982-84 were not necessary. The country has survived the difficult year of 1985 without them.

But he could not rule out that, if exports did not pick up, the government might have to squeeze imports as a means of assuring a trade surplus and maintaining debt repayments.

Hungary was having difficulty in selling its extensive meat products at a profit, with world meat prices now below those in Hungary.

Seemingly to drum up UK interest in investing in Hungary, under this year's newly liberalised joint venture law, Mr Beck hoped that by 1990 the value of such joint companies could total \$200-\$300m.

E. German visits to West rise

By Leslie Collett in Berlin

EAST GERMANY is permitting more of its citizens below retirement age to visit family and friends in West Berlin and West Germany than at any time since the building of the Berlin Wall. The increase is designed to help reduce the growing number who apply to leave the country permanently for West Germany.

In the past two months more than 3,000 East Germans visited West Berlin, nearly 50 per cent more than in the same period last year. Many more visited West Germany but the increase was not as steep as family ties are closest in divided Berlin.

An official of the West German Ministry of Inner German Relations said very few of the East Germans were using the visits to remain in the West. This, he suggested, should make it easier for East Germany to approve a larger number of applications for visits.

The inability of East Germans, apart from pensioners, to travel to the West is one of the greatest sources of dissatisfaction in the country. It is frequently cited as an important factor in the rising number of East Germans who apply to leave the country permanently.

Call to expand telecommunications in EEC

BY PAUL CHEESBRIGHT IN BRUSSELS

THE European Commission, in its role as self-appointed sponsor of a new technologically alert Europe, yesterday urged EEC governments to adopt a strict calendar for the adoption of new facilities in telecommunications.

It wants the Twelve to specify by the end of this year what new equipment and services can be linked to national telephone networks, what future services

will be offered and when they would be put in place.

The Commission sees three phases of development between now and 1992. The first is the expansion of the existing telephone network. The second is the development of this network by the provision of additional services which can be carried on it. The third is the introduction of broad band communications.

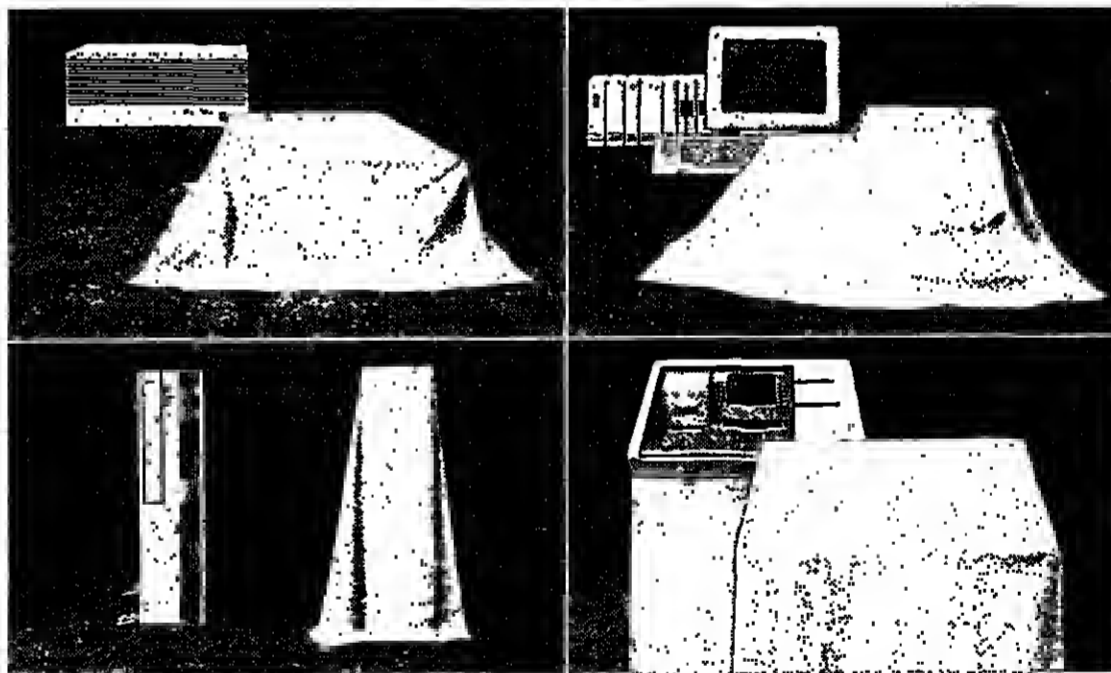
To move from the first to the second phase, the telecommunications authorities need to commit themselves to an investment of up to Ecu 7bn (£4.5bn) for digitalisation, the Commission said.

The Commission realises that, in this sector, its influence is limited and that the main decisions will be taken by the national authorities. But, by acting as cheer-leader and as

a broker for the reconciliation of different interests, it hopes to promote a pan-European approach to the industry.

The adoption of a calendar, and the settlement of objectives, would remove uncertainties among industries and suppliers, it believes. The whole field of communications is seen as a catalyst for future economic development.

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Amro Bank	10 1/2%	Hill Samuel	11 1/4%
Barclays Bank	10 1/2%	C. Hoare & Co.	10 1/2%
Bank of America	10 1/2%	Hongkong & Shanghai	10 1/2%
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OVERSEAS NEWS

The legal hurdles in Manila's hunt for the fortune

THE Philippines Government has effectively abandoned its attempts to recover the fortune stashed abroad by Mr Ferdinand Marcos, the deposed president, his family and associates.

Instead, it has embarked on the long and costly process of recovering the assets through the courts, an exercise likely to take years and one which may yield only a fraction of the estimated \$5bn (£3.3bn) to \$10bn believed to have been acquired by Mr Marcos during his 20 years in office.

In doing so it is raising important issues of international law and banking ethics last aired when the Iranian Government tried, and largely failed, to recover the former Shah's assets.

The Commission for Good Government, appointed by President Corason Aquino to recover the Marcos millions, has so far only identified about \$900m held in the Philippines and elsewhere. Much of that is held by nominees in an intricate web of holding companies scattered throughout the world to conceal the identity of the beneficial owners. Some assets—namely real estate—would yield a good deal less than their book value if sold because they are heavily mortgaged.

The rest—substantial cash and gold bullion believed to run into billions of dollars—are so well concealed that intensive investigation in the US, Switzerland and elsewhere has so far failed to yield any positive leads.

Mr Marcos and his cronies seem to have been well prepared for such an eventuality, said one Filipino official. "It could take years to get some of the money back."

The Commission has set up investigative teams in the US and Switzerland in the first instance. It has decided to concentrate its efforts in those two countries but it suspects Mr Marcos also has substantial assets in the UK, Australia, Italy, Canada, Japan, Brazil, Austria and elsewhere.

The chief problem facing the investigators is proving beyond doubt that assets which are

By Alain Cass, Asia Editor, Samuel Senorens in Manila, Nancy Dunne in Washington, William Dullforce in Geneva

identified belong to the Marcos family and that they were acquired illegally to the satisfaction of foreign courts.

Their efforts are hampered by their inexperience and lack of resources. The Commission relies largely on tips from sympathisers and the help of unpaid expatriates abroad.

Their only tangible success so far has been to seize over \$300m in real estate, cash and shares held on behalf of Mr Marcos by his associates in the Philippines.

The Commission suspects Mr Marcos may have up to \$1.5bn in Swiss deposits. So far only \$79.4m has been identified. The commission has also failed to obtain proof of deposits in the UK and property in the UK believed to amount to more than \$14m—and elsewhere.

The UK Foreign Office has made it clear that the Philippines would have to go through the courts to recover assets in the UK and its Cayman Islands colony.

Senator Jovito Salonga, who heads the commission, said Mr Marcos and his financial managers resorted primarily to the device of setting up companies

and properties owned by close associates like Mr Roberto Benedicto, the former Philippines ambassador and sugar magnate.

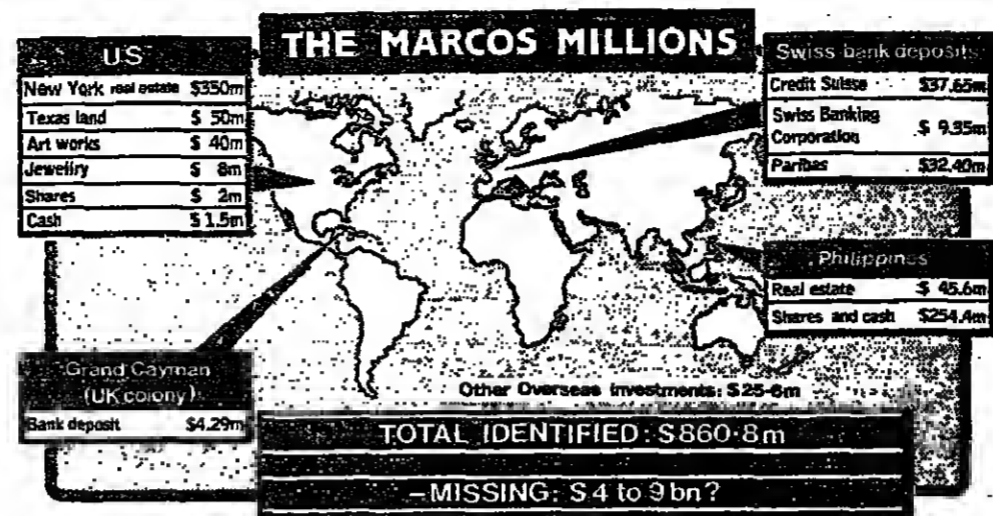
Another ploy was to use companies incorporated in the Netherlands Antilles which, in turn, are owned by another set of corporations registered in Panama.

This device was used to conceal Marcos ownership of valuable property in New York ostensibly owned by the brothers Joseph and Ralph Bernstein who acted as brokers and trustees for the former First Family.

The commission's early optimism that the US, Swiss and other governments would agree to a "political" disposition of the hidden wealth has dissipated. Promises of help from the US Administration have not materialised, according to Filipino investigators, while the Swiss federal government, for all its goodwill towards Mrs Aquino, appears unwilling to ride roughshod over the country's banking secrecy laws.

Confirmation that some Marcos wealth is held in Swiss banks came from the banking commission, the controlling authority, on April 10.

These deposits have been temporarily frozen by the Swiss authorities. It is now up to the Aquino Government to provide evidence to prise open Swiss banking secrecy. Swiss banking law makes the customer "master of the secret." It is



a penal offence for bank officials to disclose any information.

The matter is complicated by the fact that the known deposits are not in Mr Marcos's name. Notes among the papers seized by US customs officials in Hawaii after Mr Marcos fled the Philippines refer to \$79.4m deposited in three Swiss banks in 1977 by Mr Benedicto.

Swiss banking secrecy is not absolute. Banks can disclose information if authorised by the customer—unlikely in this case—or where criminal charges have been laid. Tax fraud is not enough, however. Criminal acts, as in cases involving the

three children, as well as 21 associates, alleging they illegally amassed wealth after the former leader came to power in 1965.

But these have been blocked under a technicality which says that criminal proceedings cannot be heard without an arraignment of Mr Marcos and the government's action fear that the country's lucrative international reputation for banking secrecy could be tarnished if the Aquino Government is given exceptional leeway.

The Aquino Government has started proceedings to seize charges in Manila against Mr Marcos, his wife, Imelda, and

three children, as well as 21 associates, alleging they illegally amassed wealth after the former leader came to power in 1965. But these have been blocked under a technicality which says that criminal proceedings cannot be heard without an arraignment of Mr Marcos and the government's action fear that the country's lucrative international reputation for banking secrecy could be tarnished if the Aquino Government is given exceptional leeway.

The hope is that the mere filing of charges in Manila will satisfy Swiss law. The next step would be for the courts in Switzerland to instruct all banks there to disclose Marcos

assets followed by a request for sequestration of those assets in individual cantonal courts.

Mr Salonga believes the prospects of recovering the Swiss assets are "more than 50 per cent." Lawyers, however, point out that similar attempts to recover the Swiss wealth of other deposed rulers have nearly all ended in failure.

The Philippines is likely to face similar problems in the US where proceedings to recover property and assets in New York, Texas, New Jersey and California have been initiated in state courts. The charges allege that Mr Marcos bought the properties through stolen funds which belong to the Filipino people.

The Commission's best chance of success lies in recovering the five New York properties worth an estimated \$500m. The House Asian and Pacific Affairs subcommittee, chaired by Mr Stephen Solarz, the New York Democrat, has completed an investigation primarily aimed at proving the properties belonged to Mr Marcos.

Recently the Bernstein brothers have offered to sell the New York buildings and turn over the proceeds Mrs Aquino after paying off the mortgages. More problematic are likely to prove the \$50m worth of art treasures and jewels already in the US and those brought to Hawaii including a box of pearls worth \$4.5m, a three-foot tall ivory statue covered in diamonds and other precious stones, and 22 crates stuffed with bank notes.

Philippine investigators are angry that US customs turned over the Hawaii loot to the courts, forcing them to go for a legal rather than a political disposition. Mr Marcos will have to be found guilty of breaking the law both in the Philippines and the US before the wealth can be seized. Optimistic assessments say it will take at least a year.

Said one US lawyer: "It's one thing proving that Marcos had his fingers in the till in the Philippines. It's quite another proving it in the US, or Switzerland, or Britain."

Mr Antonio Florindo is a shrewd businessman and a survivor who was able to win favours from two other presidents before Mr Marcos. In 1970, Mr Marcos leased to him a large tract of Government land which became the Philippines' largest banana plantation, the Taguin Corporation, which has been requested by the Aquino Government.

Mr Jose Campos who is the relative owner of the Philippines' largest pharmaceutical company, United Laboratories, organised dozens of companies for the Marcos family to acquire and own real estate in the Philippines. worth 660m pesos.

Mr Benjamin Romaldez is Mr Marcos' brother-in-law, former ambassador to Washington and the First Family's principal fixer. Genial and eccentric, he invariably dressed in hush jacket while in Manila, wore no socks and had a tendency to swear. His shares in the Benguet Corporation, worth \$18.4m representing 60 per cent of the stock, were seized.



Senator Jovito Salonga



Mr Antonio Florindo

Tokyo starts gingerly to probe the steady flow of bribes

JAPAN this week began an investigation into allegations that Japanese companies had been contributing to the Marcos regime and that the Japanese dollars worth \$100m paid to the Philippines had been misappropriated and abused.

"There is little doubt this is potentially as explosive as the Lockheed scandal of the 1970s. What matters is whether the investigation is undertaken," says a senior foreign diplomat in Tokyo.

By Carla Rapoport in Tokyo

answer. At the opening of the Lower House investigation on Wednesday, the Foreign Minister, Mr Shintaro Abe, said Japan would not take an active part in investigating the alleged pay-offs to Mr Marcos. "The Philippine Government should take the primary responsibility in getting the truth out of the allegations," he said.

Japan, it appears, does not want to unearth a potentially damaging domestic scandal over incidents which took place as much as 10 years ago. For the moment, Tokyo is absorbed with preparing for the summit of world leaders early next month and worrying about the effects of the higher yen on its economy.

Government ministries last week were unable to do more than confirm such a probe is underway. Japanese politicians and officials have confirmed that "rebates" were paid by a

number of Japanese companies to the Marcos regime in connection with many large contracts done in the 1970s. The officials have refused publicly to name these companies. But it is understood that they include Toyo Technica, Mitsui Corporation, Nishio Iwai, Marubeni and a number of other large trading companies.

Bribery as it is known in the West—paying a kickback to a middleman who uses it to grease several palms—is not a crime in Japan. It's called

business and the Japanese argue that it goes on all over South-east Asia. It is illegal, however, to pay bribes to politicians directly.

Mr Heisei, told the Diet earlier this month that none of the kickbacks were funnelled to Japanese politicians. "Japan had no choice but to deal with Marcos administration as his government was the legally recognised head of the Philippines," he said. None the less, he said, he "regretted" that some Japanese aid aimed at helping the Philippine people was used in a dishonest way.

This second remark was an indirect reference to Japan's Overseas Economic Co-operation Fund, a government-supervised agency which does not so much as develop countries. Long dubbed "aid for trade," OECF funds have commonly been used as "sweeteners" to governments who choose Japanese contractors for major projects. A recent report in one Japanese newspaper alleged that the OECF had turned a blind eye to the misuse of about \$500m in connection with the Cagayan electrification project in the mid-1970s.

So far, none of these charges have been proven and it could be months, if not years, before any are.

So far, the only casualty has been a Ministry of International Trade and Industry (MITI) official in charge of loans to the Philippines, who committed suicide a few weeks ago. Less horrific but just as sobering was the recent cancellation of two Japanese aid-financed projects, a ¥400m (€15m) road project and a ¥8.3bn telecommunications project, by the Aquino Government.

Japanese retreat from restructuring proposals

BY JUREK MARTIN IN TOKYO

THE JAPANESE retreat from the Maekawa Commission report on the restructuring of the domestic economy appears to be gathering pace. In a meeting with US journalists here yesterday, the Foreign Minister, Mr Nakasone, said that "it is not government policy."

"I understand," he said, "that Prime Minister Nakasone agrees with large parts (of the report) and his intention is to implement large parts of it." But he added pointedly, "when and how has not yet been decided."

Politicians and bureaucrats have been complaining with increasing openness that in his meeting two weeks ago with President Reagan, Mr Nakasone had no business committing Japan to policies recommended by a commission he created and which reported only to him.

This, it is argued, flies in the face of the time-honoured consensus approach to Japanese policy-making.

Since returning to Japan, Mr Nakasone has denied that he promised Mr Reagan that Japan would change. However, in a meeting with US journalists here yesterday, Mr Nakasone's commitment appeared unequivocal. He said that, although economic restructuring was a very difficult problem, "we think we can do it and it will be done."

The latest surge in the value of the yen has also created unease in Japan over whether Mr Nakasone achieved anything at all in Washington, beyond a reaffirmation of Mr Reagan's affection.

His presumed promises to Mr Reagan might have been stomachached more easily had the yen remained stable, which it has not.

Attention must now focus on what Mr Nakasone says at the economic summit meeting in Tokyo 10 days from now. Any backtracking could well upset the US, which hyperbolically

described the Maekawa report as "historic" and would not please the European nations, even though their scepticism that Japan might change policy remains profound.

The Foreign Ministry spokesman said that what the Prime would depend on how the discussions on each nation's economic problems evolved, although he did not doubt that Mr Nakasone would at least reassert his personal support for economic restructuring.

However, the Japanese system does not give unbundled licence to any individual, even a strong Prime Minister like Mr Nakasone, to go faster, or beyond, what the consensus will allow. Mr Motoko Shina, the senior Liberal Democratic Party MP, said last week that he thought the US did not understand that a Prime Minister's powers in Japan were limited and therefore expected Mr Nakasone to move mountains.

Japan has been exposed little to international terrorism this decade. However, its record of the 1970s was one of tending to give in to terrorist demands. Mr Takeo Fukuda, Prime Minister from 1976-78, used to say that "one life is worth more than the earth," an attitude that still commands much sympathy here.

Another reason for Japanese qualms is that a summit dominated by the subject of terrorism will be far removed from what Japan wanted. It had hoped and, until the US raid, had every reason to expect that the summit would consist of a smooth, mostly harmonious discussion on economic issues. Japan

Indeed, an uneventful summit would have been considered here as a smashing success and proof of Japan's ability to manage global affairs well on its own soil. It would be one of the ruling party's main platforms in the likely summer general election.

Unidentified craft sunk by South Korean navy

THE South Korean navy yesterday sank an unidentified craft which fired on its patrol boats just south of the border with communist North Korea, the Defence Ministry said. Reuters reports from Seoul.

A ministry spokesman said the boat was sunk off the east coast after it ignored an order to stop and fired on the South Korean navy. There were no casualties among the South Korean forces, he said. The fate of the sunken boat's crew was not immediately known.

The ministry's counter-espionage operations headquarters said South Korean patrol boats first spotted an unidentified vessel heading south from the military demarcation line, the marine extension of the border dividing the two Korean states, at about 4 pm local time (07.00 GMT).

It was not immediately clear whether the craft was from North Korea.

The South Korean navy was combing the area where the boat sank for survivors, the Defence Ministry said.

Stever Butler adds from Seoul: Sunghyungwan University closed its gates temporarily to students following several days of intense student demonstrations and rioting, marking the first such extraordinary closing of a university since 1980, when Mr Chun Doo-Hwan rose to the presidency in a military coup.

The demonstrations were touched off when 10 students were conscripted into the army after refusing to participate in mandatory military training exercises. Last year several student activists died in what government opponents say were suspicious circumstances after being forcibly conscripted into the army.

Singapore politician wins trial delay

BY CHRIS SHERWELL IN SINGAPORE

THE Malaysian businessman and politician, Mr Tan Koon Swan, facing 15 criminal charges of fraud and share manipulation in Singapore, yesterday won a three-month postponement of his trial to August.

The surprise postponement, agreed in the island state's supreme court, was to allow Mr Tan "to put into effect some financial arrangements made with the prosecution," the judge was told.

No explanation was offered by Singapore's Commercial Affairs Investigation Department (CAID), but the decision inevitably fuelled recent reports that Mr Tan has tried to bargain his plea. Mr Tan currently faces up to life imprisonment if he is found guilty.

In a separate development yesterday, the court agreed to a bid request for Mr Peter Tham, a Singapore businessman facing 25 criminal charges, to undergo further questioning. He had secured a respite on Tuesday after nine days of interviews, pending a medical examination.

Both Mr Tan and Mr Tham are central figures in the drama which has seen the collapse of Pan-Electric Industries and other quoted companies, the closure of several broking firms, an unprecedented three-day halt in stock market trading, a plunge in share prices and an increasingly nervous banking sector.

Bankers and brokers pointed out yesterday that talk of "financial arrangements" in the court coincided with a recent offer by another Malaysian businessman to Singapore brokers, under which a large proportion of the former's share contracts, now in their hands, would be bought out at an agreed price.

Responsibility for payment under these contracts was taken over by Mr Tan from Pan-Electric earlier this year, and he faces additional litigation from some of Singapore's brokers if he defaults on them. If an agreement is reached, however, those brokers would finally have to close while Mr Tan would win more time to settle the claims against him.

Mr Tan's trial on the 15 charges was scheduled to start on May 15, but is now set for August 4. Mr Tan, 51, is married, while, due to appear in court again next Wednesday, a third figure in the Pan-Electric affair, Mr Tan's brother, Mr Tan Chuan, was sentenced to 18 months in jail in February after pleading guilty to two charges.

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Terrorism debate poses problems

BY OUR TOKYO CORRESPONDENT

PRESIDENT Reagan's determination to make terrorism, and presumably Libya's complicity in it, a priority topic for discussions at next month's Tokyo summit meeting could place Japan on the spot.

The Japanese Government has thus far resolutely refused to make any substantive comment on the US attack on Libya last week or on the evidence that the US has presented to justify its strike.

A senior Foreign Ministry spokesman said yesterday that Japan was still "studying" the situation. He said Japan had not specifically asked for the documentary evidence the US says it has of Libyan involvement in the bombing of a West Berlin discotheque or other acts of terrorism, nor had the US asked Japan to act against Libya.

The Japanese judgment, which the spokesman said would be forthcoming "before too long," would depend on whether it could be determined if it was the Libyan Government or individual Libyans who



had committed terrorist acts or if indeed there was a deliberate Libyan policy to promote terrorism.

Japan still maintains diplomatic relations with Libya but buys no oil from it and last year sold only about \$250m worth of goods to it. However, Japan is concerned about the general stability of the Middle East, which provides 70 per cent of its oil.

The problem for Mr Yasuhiro Nakasone, the Prime Minister, is that, as chairman of the Tokyo summit, he may find himself mediating between Mr Reagan and those European participants who do not agree with the US strike and may

The men who helped make him rich

By Alain Cass in London and Samuel Senorens in Manila

THEY ARE known as "the cronies." They supported Ferdinand Marcos politically, played golf with him and were among those who helped him and his wife Imelda amass a fortune. Shrewd and ruthless, they elevated the Philippine custom of patronage to an art.

The Commission for Good Government has now formally identified them as nominees of Mr Marcos in dozens of ventures and holdings across the world, and seized their assets. They include:

Mr Roberto Benedicto, a reserved former law classmate of Mr Marcos, was one of Mr Marcos' closest allies. He was chairman of the powerful Philippine Sugar Commission and former ambassador to Japan. Mr Benedicto's brother-in-law, Mr Antonio Florindo, which has been seized include Radio Philippines Network, Kaulan Broadcasting System, Mr Eduardo Cojuangco was one of Mr Marcos' most trusted political allies who was assigned to increase productivity of the economy. Seized from him were shares of stock in San Miguel Corporation, the Philippines' premier beer, valued at \$33m, United Coconut Planters, Coca-Cola Investors and Northeastern Agro-Industrial Development (holding company for agricultural projects). He is shrewd and well connected.

Mr Antonio Florindo is a shrewd businessman and a survivor who was able to win favours from two other presidents before Mr Marcos. In 1970, Mr Marcos leased to him a large tract of Government land which became the Philippines' largest banana plantation, the Taguin Corporation, which has been requested by the Aquino Government.

Mr Jose Campos who is the relative owner of the Philippines' largest pharmaceutical company, United Laboratories, organised dozens of companies for the Marcos family to acquire and own real estate in the Philippines. worth 660m pesos.

Mr Benjamin Romaldez is Mr Marcos' brother-in-law, former ambassador to Washington and the First Family's principal fixer. Genial and eccentric, he invariably dressed in hush jacket while in Manila, wore no socks and had a tendency to swear. His shares in the Benguet Corporation, worth \$18.4m representing 60 per cent of the stock, were seized.

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Mexican budget cut by \$1bn as oil revenues fall

BY DAVID GARDNER IN MEXICO CITY

THE MEXICAN Government has announced a cut of \$1bn (866m) in this year's budget as a result of the collapse in international oil prices, but has reminded its international creditors that it expects them to make a significant contribution to absorbing an oil revenue shortfall now estimated at \$7bn for the year.

Mr Carlos Salinas de Gortari, Minister of Planning and Budget, told a meeting of the UN Economic Commission for Latin America in Mexico City that the pesos 500bn (\$1bn) cut was Mexico's "limit in overall spending reductions."

An almost equal amount will be saved by increasing taxes, largely on industry, and reducing subsidies to the public sector, Mr Salinas said, bringing the total package of savings to around \$2bn.

The Planning Minister vigorously emphasised that Mexico had thus reduced public spending as a proportion of gross domestic product from 32 per cent in 1981 to 19 per cent this year, excluding the foreign and domestic debt service bill. In the same period, real public investment had fallen from 11 per cent to 3 per cent of GDP, in line with the collapse of oil

revenues from \$21bn in 1981 to an expected \$6bn this year. The cuts, which fall almost entirely on current spending, represent 13 per cent of the 1986 budget, which already embodied real spending cuts. But after total foreign and domestic debt service of approximately pesos 15,000bn (\$30bn), the cut amounts to a nearly 3 per cent reduction in disposable funds.

Mr Salinas reminded the commission that President Miguel de la Madrid in February called on Mexico's bankers to share the burden of sacrifice required by the oil price fall. Our creditors must recognise that Mexico's debt service must be adjusted to the country's capacity to pay, Mexico owes \$67bn abroad and faces a foreign debt service bill this year of around \$10bn.

The public deficit after the new cuts should be held to 9 per cent of GDP, Mr Salinas said. In a clear warning to the International Monetary Fund, with whom Mexico is still far apart on targets for this year, Mr Salinas said Mexico will continue to decide the "what, how and when" of structural change.

Editorial, Page 24

Stevenson to fight as Independent

By Reginald Dale, US Editor, in Washington

Mr. Adlai Stevenson III, victor of a bizarre political coup in last month's Illinois primary, has found himself obliged to resign as the Democratic candidate for governor and pursue his campaign as an Independent.

The Democrats were shocked last month when Stevenson, a former US ambassador to the United Nations, announced his intention to run for governor as an Independent.

Stevenson, an erratic figure on the extreme right-wing fringe of national politics, captured two top places on the Democratic ticket for November's gubernatorial election. Mr Stevenson immediately declared that he could never share the ticket with such "hate-filled" candidates.

Mr Stevenson now faces the uphill task of changing the law to allow him to stand as an Independent and then educating voters on how to vote for him and other official Democrats instead of the La Rouché candidates whose names will appear on the Democratic ticket.

If he fails to change the law, he will have to create a third political party at extremely short notice. The success of Mr La Rouché's candidates has focused national attention on his movement which believes, among other things, that the Queen of England is involved in an international conspiracy financed by drug-running.

Why separate recovery plans fail

BY STEWART FLEMING IN WASHINGTON

IT IS DIFFICULT these days to find a Government official with a good word to say for the floating exchange rate system under which the world has operated for the past 13 years. Nor will one hear a bad word about the idea that increased co-ordination of economic policies among industrial countries could brighten a murky economic horizon.

Indeed, top Reagan Administration officials have been hinting this week that if only they could get a bit more support from their partners they might have one or two concrete ideas to offer at next month's Tokyo summit which could improve co-ordination. Such support is badly needed for, in spite of all the strivings, the road ahead is far from clear.

Two recent publications illustrate. One is a pamphlet by Prof. Michael Artis and Dr Sylvia Ostry, a Chatham House Paper published by the Royal Institute of International Affairs entitled *International Economic Policy Co-ordination*. The other is the Policy Interactions chapter of the International Monetary Fund's world economic outlook.

The Chatham House paper is noteworthy because Dr Ostry, a former head of the OECD department of economics and statistics, is actually busy preparing the Tokyo summit in her position as personal representative of the Prime Minister of Canada. In their book, Dr Ostry and

Prof Artis make a strong case for increasing economic policy co-ordination. They point out that the experience of the 1980's has proved that merely pursuing separately the convergence of their economic performance, as the industrial countries have done since 1980, has not had the positive impact on the world economy which many had hoped.

Inflation rates have been brought down, and the pace of economic growth is more

its own house in order. They argue that economic summits, while useful for giving guidelines and political impetus to efforts to improve economic policy co-ordination among the industrial countries, are not an appropriate forum for the detailed work of improving co-ordination.

"There is an essentially random aspect to the annual summit... The personalities of the leaders, political crises and other essentially unpredictable elements may often be the key determinants of a summit outcome," they write.

Instead they suggest that existing forums, including the Group of Five industrial countries, the OECD's Working Party, Three and the Group of Ten deputies, are the places where the continuing work on co-ordination must be carried out.

As for mechanisms for improving co-ordination and triggering economic policy changes, they reject target zones for exchange rates or exchange rates themselves "as the sole diagnostic indicator" of a malfunction in the economic system which should trigger policy changes, suggesting that several indicators might be employed.

This leaves open the question of discipline. How do you get what may be reluctant sovereign governments to adopt economic policy changes which it is alleged are in the interests of all?

It is an issue which crops up indirectly in the IMF paper. This starts from the assumption

that the US has taken a decision to reduce its budget deficit and then suggests how other industrial countries might respond to the reduction in the fiscal stimulus through a more expansionist monetary policy or whether in Japan or Europe the response should be to postpone efforts to continue consolidating budget deficits. The impression is left that these are precisely the sort of initiatives which ought to be considered.

What is not addressed is the question of how first to persuade the US to attack the budget deficit and then other countries to initiate the policy responses this might require.

Dr Ostry and Professor Artis do address this issue, saying that "in those... rare cases in which serious imbalance and systematic strain require co-ordination to manage or avert a crisis, economic summits remain 'the only game in town'." In such instances the role of leadership becomes essential. This leadership, they argue, can only be exercised by the hegemonic power, the US.

As they point out one problem with casting the US in this vital role is that because the US government is so diffuse, particularly because of the influence of Congress, "the ability to announce a credible commitment to policy action in either fiscal or trade policy is weaker than in the other major OECD countries."

Workers say BP out to break union

By William Hall in New York

THE United Steelworkers Union, which represents the much-reduced workforce at Kennecott Copper, the largest US copper producer, yesterday challenged British Petroleum (BP), Kennecott's ultimate parent, to show that it was not intent on "busting" the unions in its bid to stem the heavy losses at its troubled subsidiary.

Earlier this year BP sacked the chief executive of Standard Oil, its majority-owned US subsidiary which owns Kennecott, and installed its own management team in a move to improve the company's performance. It has been known for some time that BP is concerned by the heavy losses at Kennecott and is seeking to reduce the high wages and benefits when the contract with the Kennecott workers expires at the end of June.

Phelps Dodge, another major producer, has successfully revived its fortunes by enduring a long strike with its workers and replacing them with non-union labour.

At yesterday's annual general meeting of Standard Oil in Cleveland, the union tabled a motion that pressed Standard Oil's new team to "disavow any intentions, goals, or designs to seek a deliberate impasse so that it can break the unions now representing its workers." It was claimed that Kennecott management had hired a well-known "union-busting" law firm.

Nasa head set to stay despite fraud allegation

BY NANCY DUNNE IN WASHINGTON

MR JAMES FLETCHER yesterday seemed well on his way to winning Senate approval for a second stint as head of the National Aeronautics and Space Administration (Nasa), despite revelations of waste, fraud and mismanagement at the US space agency which surfaced during his confirmation hearings.

The claims, published in the New York Times on Wednesday and yesterday, were based on more than 800 Government audits obtained under the Freedom of Information Act. Many of the documents include the years 1971-77 when Mr Fletcher was at Nasa.

The Times concluded that Nasa deliberately misled Congress about the costs of the shuttle and other programmes, wasted more than \$3.5bn (£2.3bn) and then eliminated vital testing and other development work needed for safety in order to save money.

Mr Elmer Staats, former US comptroller general, told the Times that after the Apollo moon programme, Mr James Webb, the administrator, left the space agency changed. "There was less openness, less willingness to listen to the kind of challenges we (government auditors) were making."

The allegations overshadowed Mr Fletcher's confirmation

hearing but senators, concerned about the risk of leadership at Nasa, seemed bent on accepting the President's choice.

Many of the misallocations could be explained by inflation and other technical problems, Mr Fletcher told the senators. Despite the mistakes, he said, "I'm under the impression that Nasa is still one of the best managed agencies in the Federal Government."

Mr Fletcher had as his sponsor Senator John Glenn, the former astronaut, who worried about the agency cannot be expected to recover from the shuttle disaster without some kind of leadership.

Mr Fletcher said he would support building a fourth orbiter to replace the Challenger and hoped to get nine flights off next year. He pushed for the use of unmanned rockets to launch commercial satellites.

He also promised to disqualify himself from matters involving Astroch International and its subsidiary General Space. He is a stockholder of the former and a vice chairman of the latter. General Space has been lobbying for a scheme to build a replacement for the lost shuttle and lease it to Nasa at a profit.

Azcona repeats demand for contras to leave Honduras

BY TIM COONE

HONDURAN President Jose Azcona has reiterated his demand that the Nicaraguan contras should abandon the base camps on Honduran territory from which they launch their raids into Nicaragua.

"The contras should be in Nicaragua," he told a news conference in the Honduran capital this week.

Since succeeding President Suazo Cordoba in January this year, Mr Azcona has taken a markedly different stance to that of his predecessor, who consistently turned a blind eye to the presence of the contras in Honduras and the collaboration between elements of the Honduran armed forces and the US-backed guerrillas.

During his election campaign last November, Mr Azcona said he wished for better relations between Nicaragua and Honduras and that the contras would have to leave Honduran territory as their presence was

"illegal." He recognised that their removal would not be a simple matter, however, given the wishes of the US and high level officers in the Honduran army to continue their support for the right-wing rebels.

Mr Azcona's latest statements will cause further dismay both in the White House and among the FDN leadership, although at the same time he has turned down a Nicaraguan proposal that joint Honduran-Nicaraguan military patrols should be established to guard the common frontier.

In a further development, Mr Edgar Chamorro, a former leader of the FDN who broke with the organisation in 1984, said in an editorial comment in the New York Times on Thursday that the US should engage in "serious diplomacy" with the Nicaraguan Government rather than seek its military overthrow.

Tobacco group hits at Air Canada smoking ban

BY BERNARD SIMON IN TORONTO

CANADA'S biggest tobacco company has ordered its 3,000 employees to avoid travelling on Air Canada in the wake of the state-owned airline's decision to ban smoking on some of its most popular flights.

Imperial Tobacco of Montreal, whose parent company Iamsco is controlled by British R&T Industries, has told Air Canada that the airline will be used in future as "the carrier of last resort" by Imperial employees and Iamsco head office staff. Employees have also been told to stop using the airline's credit card.

The policy will be reviewed at the end of Air Canada's three-month experiment banning all smoking on half of its 76 daily flights between Toronto, Ottawa and Montreal.

The airline took the step

after determining that half its smoking passengers approved of stricter rules, if only to help them give up cigarettes. The proportion of non-smoking passengers rose from 50 per cent to 75 per cent in the past 15 years. Air Canada said that it may extend the ban to other short-haul flights if the test proves popular.

The Canadian Government is nearing the end of a study on the feasibility of placing a total ban on smoking aboard all aircraft in Canadian airspace. The study is examining the impact of smoking on the health of passengers and crew, on aircraft safety and air filtration systems and upholstery.

An Imperial Tobacco official said Air Canada's policy is "unfair to smokers" by unnecessarily restricting their rights.

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FACT: One of our clients, Leamington Spa Building Society, wanted to convert to a real time database system in the shortest possible time. As Bob Neill of

the Society says: "We thought a time scale of three years would be needed. With LINC we were ready in four months."

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FACT: Eric Holloway, of British Alcan Aluminium, said recently: "We had estimated a conventional system would take six man years to develop and implement, with LINC we were up and running with a working system in four months."

When you think how competitive business is these days, that's time and money well saved.

For more information, call Brian Reynolds on 01-750 1420. Or write to him at Burroughs, Heathrow House, Bath Road, Hounslow, TW5 9QL.

Burroughs

WORLD TRADE NEWS

Matsushita
steps up
overseas
output

By Our Tokyo Staff

MATSUSHITA Electric Industrial, the world's largest consumer electronics company, is abandoning production in Japan of audio products worth less than \$100 in favour of production in Singapore and Taiwan.

Matsushita's move is the latest in a series of moves by Japanese electronics companies all of whom are trying to shelter from the effects of the rising yen.

"We've been planning to increase our overseas production gradually over the next five years. But the yen has appreciated so rapidly, we have to move more quickly," said a Matsushita official yesterday. Currently, the shift does not include hi-fi equipment, only audio headphones and radio cassette players.

So far, none of the companies, including NEC, Hitachi, Canon and Ricoh, say the moves offshore will reduce employment at home.

The companies which will be hurt, however, will be the suppliers to the big electronics companies.

According to a recent study by the Tokyo office of James Capel, the UK stockbrokers, most of Japan's largest electronics exporters will have more than 50 per cent of their export production based overseas by 1990.

Chip row highlights US-Japan culture gap

BY CARLA RAPOPORT IN TOKYO

The suspension in US-Japan talks on semiconductor trade cuts to the heart of the wide cultural gap between Americans and Japanese.

Japanese business executives and government officials consider that America is asking for a suspension of free trade principles, while the Americans feel that Japan suspended those principles years ago.

The Americans contend that their small share of the Japanese chip market—stagnant at around 11 per cent, compared with a 55 per cent penetration in Europe—is the result of a cartel-like agreement among chip users to buy Japanese first.

And in the US, they say, Japanese makers have been driving down chip prices in target areas to gain a commanding hold on the market.

Not surprisingly, Americans

have launched numerous legal actions against the Japanese. Japanese companies reject these claims. But they do not try to deny that a problem exists.

The trouble, they say, is that the Americans want concrete, numerical solutions to the dispute.

For example, the Americans would like to settle on a target penetration for US chipmakers in Japan. Further, they would like to establish a pricing mechanism for chip trade between the US and Japan.

"The US insists that Japan should encourage chip users to buy US products, but this is contrary to free market principles. It amounts to moral persuasion or administrative guidance," says a senior Ministry for International Trade and Industry (MITI) official in Tokyo.

He adds that any agreement between US and Japan on chip pricing, without consultation with third countries could "lead to a worldwide cartel in semiconductors."

The most recent round of semiconductor talks in the US in March was thwarted in part according to MITI officials, over Japan's efforts to encourage imports of US chips.

"We agreed to provide a kind of weather forecast for US share of Japanese market over the next few years. However, we could only supply such information for main producers and users of semiconductors, and not for general users, such as consumer electronics companies," said the MITI official.

The Americans had hoped to receive the forecast for the entire \$8bn chip market, not just the portion represented by the major players.

The Japanese objection to moral guidance was also galling to the Americans, who point out that MITI has had a long history of guiding Japanese industry toward the path of greatest good, from that of individual gain.

A major Japanese electronics maker puts the problem this way: "It is clear that the US merchant manufacturers of semiconductors are not happy with the current system of anti-dumping legislation."

At the moment, it says, Japanese companies can ship into the US from third countries or sell to US users in Japan. This endangers local producers who do not have production bases in foreign markets.

"But US negotiators are not sure of what they want to achieve. They present two faces: they want assurances and they want numbers, government

numbers.

At MITI, where officials have spent months working on this problem, an official says: "We cannot say it in a public way, but we are ready to prepare an affirmative action programme for handicapped US companies. We can help monitor company's procurement policies. But such action is voluntary. We can give individual company's target figures, but only in secret."

The Japanese also view price monitoring on selected items as a positive step. At the moment, however, they see little prospect for an early settlement of the dispute, although some US officials are more hopeful.

As the main negotiator said: "Japan is awaiting a response from the US on pricing and the US is waiting for a response from Japan on access to the Japanese market."

Letters, Page 21

Toshiba links with French to speed copier production

BY CARLA RAPOPORT

TOSHIBA, one of Japan's leading electronics companies, and Rhone-Poulenc, France's largest chemical group, are setting up a FFr 40m (£3.3m) joint venture to make plain paper copiers (PPC) in France.

The deal is believed to be one of the first joint-venture production deals between a Japanese and European group.

Japanese companies usually prefer to build their own manu-

facturing facilities or acquire full-ownership of existing facilities.

Toshiba opted for the joint venture route in order to accelerate its move into Europe.

Toshiba, which will own 60 per cent of the new company, Toshiba Systems, also cited the fast-paced growth of the European PPC market, particularly in France.

One of the world's leading

PPC markets, Toshiba makes 35,000 units a month in Japan, exporting 40 per cent to the US and 35 per cent in Europe.

The new plant, expected to begin operations by the end of this year, will have the capacity to produce 200,000 units a year, with sales in three years estimated at FFr 1bn.

The venture is the third major link between Toshiba and a large European company in the

past year. The first, with Siemens of West Germany, is primarily a technology link, while the deal with Olivetti of Italy was geared toward marketing.

Toshiba's interest in Rhone-Poulenc grew out of its dealings with an affiliate of the chemicals group, Regma France which has been distributing Toshiba's PPCs in France.

Toshiba said it favoured the joint venture route because it would allow the company to start producing PPCs by the end of the year.

"We only have to ship the manufacturing equipment to France and we are ready to go," said Toshiba yesterday.

The European PPC market, currently about 1m units a year, is expected to grow by 7 per cent a year over the next few years.

Britain, China clear
way for Hong Kong
as Gatt member

BY WILLIAM DUFFLORCE IN GENEVA

HONG KONG has become a member in its own right of the General Agreement on Tariffs and Trade (Gatt) after declarations by Britain and China.

The move is seen as providing a crucial guarantee of Hong Kong's right to pursue its own trading policies after China resumes sovereignty over the territory in 1997.

The British declaration sent to Gatt on Wednesday conferred formal autonomy forthwith on Hong Kong to conduct its own external commercial relations.

In its declaration, submitted the same day, China confirmed that Hong Kong will continue to decide its own trade policies after July 1, 1997 when the territory is restored to it.

Using the name "Hong Kong, China," the territory will be able to conclude and implement agreements on economic and trade matters with states and international organisations, Peking said. This would qualify it to be a "contracting party" to Gatt.

The steps taken to make Hong Kong a full member of Gatt were a most practical way of ensuring the territory's continuing stability and prosperity, Mr Eric Ho, Secretary for Trade and Industry, said in Hong Kong yesterday.

The move had been foreshadowed in the joint declaration by China and Britain of December 19, 1984.

Under this agreement, Hong Kong will become a "special administrative region" of

China in 1997, retaining the status of a free port and a separate customs territory. China agreed that it should keep its capitalist economic and trade systems.

China is not a member of Gatt, although it announced in January that it would apply to rejoin the organisation. China resumes sovereignty over the Communist takeover of the country. Since 1984 it has had observer status.

The uncertainty over China's position has worried the Hong Kong business community. Hong Kong currently has a larger stake in world trade than China. It is the world's 14th largest exporter and its 15th largest importer with trade running at around \$20bn (£2bn) each way last year.

If China rejoined Gatt, demands might be voiced that Hong Kong be subjected to the same terms as those negotiated for China. Reconciling China's state trading practice with Gatt's free trade rules is already a major headache.

China's failure to rejoin Gatt, on the other hand, could mean that Hong Kong, which has participated in the organisation by dint of Britain's membership, might have to leave it in 1997. Hong Kong has therefore been pressing strongly for separate membership of Gatt now.

As Gatt's 91st member, Hong Kong will have its own vote and will have to pay an annual subscription estimated to be some \$401,500.

Call for patent
law to cover
space station

By David Marsh in Venice

A CALL for European patent law to apply to future manufacturing activities on the US space station has been made by a senior West German civil servant.

Dr Christian Paternmann, an official at the German Science and Technology Ministry, said any US attempts to exert control over all space station activities could result in a "collision" with European interests.

The \$12bn (£80m) station is planned to be built by the mid-1990s by the US in collaboration with Europe, Japan and Canada. An inter-governmental agreement or treaty has yet to be worked out between the US and Europe over conditions of running the station.

The desire that European patent laws be applied to processes and products derived from space experiments by European companies has become a matter of controversy.

Bonn has recently had problems with the US over legal rights concerning West German earth observation apparatus flown on the space shuttle.

Dr Paternmann, speaking at a conference on the space station in Venice, said the legal framework on use of the station would have to give "explicit" jurisdiction and control to Europe over European parts.

Problems to be cleared up include under which country's law, patents would have to be filed and infringements of patent rights would need to be judged.

UK, Moscow
sign energy
trade pact

BRITISH and Soviet ministers yesterday signed a broad agreement to promote trade in the energy sector, including the oil, gas, coal and power industries, Reuters reports.

Mr Peter Walker, Britain's Energy Secretary, said "quite a considerable flow of business and trade" would stem from it.

He added that the accord was the first of its kind between Moscow and another state covering almost all the energy

Britain and the Soviet Union, he added, shared common interests as big producers of oil, gas, coal and nuclear power.

The accord, following three days of talks, covers projects in the on-shore and off-shore oil and gas industries, coal mining, electricity generation, energy saving, solar and geothermal technologies.

The two countries also agreed to appoint senior officials to monitor progress and reports to ministers every six months. Mr Walker said he expected to confer with Mr Yuri Marchuk, the State Science and Technology chief, regularly to ensure progress.

He declined to name British companies likely to gain from the agreement. British companies are already involved in the Soviet oil and gas industries.

Mr Walker said he had detected enthusiasm from Soviet officials for British expertise in the energy sector. He expected the field to remain a priority for Moscow.

Boeing awarded \$425m
jet airliner orders

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BOEING of the US has won orders worth \$425m (£260m) for its Boeing 737-300, twin-engine short-range jet airliner, bringing total orders for all versions of the 737 to 1,582 aircraft.

TransPacific Enterprises, a subsidiary of Ansett Transport Industries of Australia, has ordered 12 737-300s, worth including spares about \$300m.

Condor Flugdienst, a subsidiary of Lufthansa, the West German airline, has ordered five 737-300s, worth about \$125m.

The Australian 737s will be leased by Trans Pacific Enterprises through Ansett World-wide Aviation Services to other operators.

British Midland Airways, the UK independent operator, has placed a \$2m order for three Short Brothers Type 360 twin-engine turbo-prop airliners, for delivery over the next few weeks.

They will bring BMA's Type 360 fleet to nine aircraft, a commitment of \$22m to the Belfast-based aircraft manufacturer.

● Lufthansa, the West German

DAEWOO Heavy Industry of South Korea yesterday signed a contract with British Aerospace to manufacture wing pylons for the BAe's Hawk military trainer, writes Steven B. Butler in Seoul.

Daewoo did not disclose the contract's value, although it said BAe had received orders for more than 600 of the aircraft.

The latest contract further enhances Daewoo's emergence as a manufacturer of aircraft parts. The company began producing aircraft parts last June and is making fuselage sections for General Dynamics' F-16s.

airline, has ordered a third flight simulator for its Piper Cheyenne IIIA aircraft from Rediffusion Simulation. Together with orders for two similar simulators, placed earlier, it brings Lufthansa's commitment to Cheyenne simulators to \$10m.

Egypt power plant pledge

BY OUR CAIRO STAFF

ANSALDO of Italy has been awarded a letter of intent to build a 520 MW oil and gas-fired power station at Damietta, 150 km north of Cairo, in the Nile Delta.

Ansaldo's partners in the \$144m (£96m) project include Gruppo Industrie Eletto Meccaniche per Impianti all Estero (GIE) and Sadelmi of Italy and Babcock Wilcox of Canada.

The Italian and Canadian governments are providing credit backing for the project. The Italian portion is worth \$108m in mixed credits and a grant and Canada is providing \$30m. Egypt's share of local costs is \$27m (£5.6m).

Ansaldo is responsible for overseeing the project and supplying components, such as condensers. Babcock is providing the boiler and Sadelmi is responsible for the civil works.

£140 million lost last year - just to fund expenses.



Introduce the American Express Corporate Card System.

It's a sobering thought, but at any given moment last year, no less than £1,080 million* of British companies' money was in employees' hands as cash advances for travel and entertainment expenses.

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We call it getting our hands dirty. It means that when you call us in we don't just
leave you with a document full of theory, however well meaning.

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our recommendations.

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sectors. (Sometimes it is the smallest who find they need more of our time.)

We are interested in their problems, not their size.

Our expertise ranges from established areas such as Banking and Finance,
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Technology, to ever more important ones such as Human Resources, which
embraces a breadth of disciplines from organisational development to recruitment.

In all these areas our recommendations are thorough and concise.
(So are we.)

In theory, of course, we could earn our living simply by advising and not
doing. In practice, we don't.

Price Waterhouse



THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

IN THE same way the Americans once dismissed the Japanese as transistor radio salesmen, many Japanese refer to South Koreans as low-cost imitators who couldn't hold an original idea in their heads.

Several elite Korean companies are bound to disabuse the Japanese of that notion. One of them, Hyundai Motors, is currently landing its cars in the US with the intention of creating a multinational operation the size of a Mazda or even a Nissan. Another is Samsung Electronics which is already striding into the big time of the world electronics industry and wants to be one of its major players within five years.

Despite its impressive accomplishments to date, no one can guarantee that Samsung Electronics will fulfil its goals. But the plans themselves and strategies for achieving them provide a glimpse of the management style of a Korean company. And if the Koreans do half as well as the Japanese in the next ten years, knowledge of those workings may prove valuable.

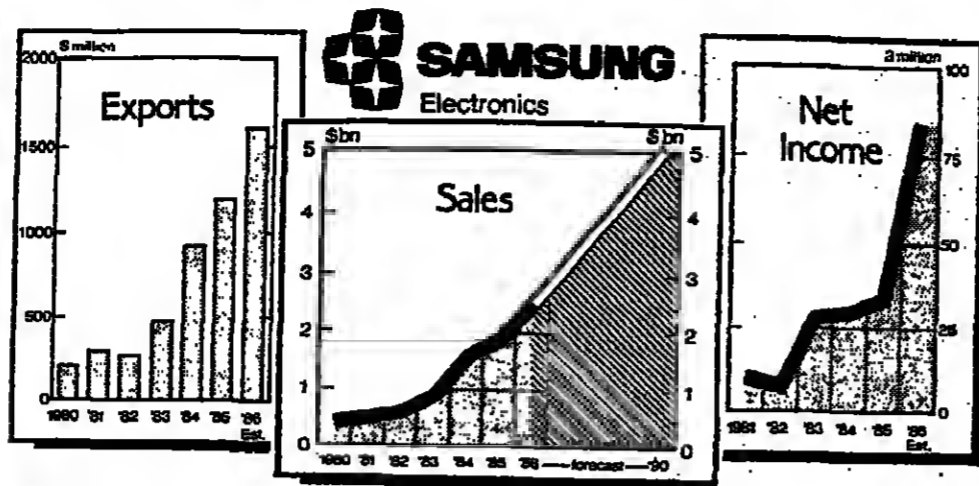
Founded in 1969, Samsung Electronics was born out of the huge Samsung Group, whose activities stretch from jet engines to life insurance to wrestling teams. Since 1969, it has registered an annual average growth rate of around 60 per cent, becoming Korea's largest electronics exporter by the end of the 1970s. Sales last year were around \$1.5bn, with Samsung making almost every major product on the consumer electronics tree, from rice cookers to computer peripherals.

To reach that position, Samsung's strategy has not been very complicated. Using workers who cost about one-quarter the amount paid to Japanese workers and licensing foreign, mainly Japanese, technology and importing 40 per cent of its raw materials Samsung has been producing large volumes of inexpensive goods with reasonable quality and design. Two-thirds of the output is exported, mostly to US companies, which stamp their own name on the products. As a result, an American who has a Sears colour television, a J. C. Penney microwave oven or a GE refrigerator most likely owns a Samsung product.

Sometime last year, however, the Samsung Group's indefatigable founder and chairman, Byung-Chul Lee, decided that this strategy would not make Samsung Electronics into the world class company he desired. As a result, Samsung's President, Jae-Un Chung, rather abruptly found himself moved upstairs for no apparent reason earlier this year to become vice-chairman of Samsung Electronics and Samsung Electronics Parts. The presidential suite of



Han Hyung-soo: great deal of confidence and determination



Samsung aims upmarket to secure its growth record

Carla Rapoport reports on the strategy of the Korean electronics group

Samsung's glamorous skyscraper in central Seoul is now occupied by Han Hyung-soo, 46, who has spent his entire career in textiles and fertiliser affiliates of the Samsung Group.

Such a switch would be almost unthinkable in Japan—the president of Mitsubishi Petrochemical, for example, would never be considered a runner for the top job at Mitsubishi Electric. Further, anyone under the age of 60 would be a whippersnapper among Japanese presidents. In Japan, leadership is steadily nurtured from the ranks; Koreans are clearly more flexible. Indeed, those looking for parallels between Korean and Japanese management styles will be disappointed. Korea follows the heat of its own drum, drawing liberally from both Japanese and American rhythms.

"My strength is management—how to make profits through enterprise," says Samsung Electronics' new president matter-of-factly. In a recent interview shortly after assuming his new post, Han was brimming with plans for Samsung Electronics, showing a great deal of confidence and determination despite his lack of experience in the electronics field.

Within minutes of taking a seat in a meeting room decorated in a modern, but elegant

style, Han began to tick off his goals for his company. They are:

- maximisation of profit in order to boost future business;
- internationalisation of total operations, including manufacturing overseas;
- greater emphasis on technical innovation; and
- balanced development of industrial products, such as computers, and consumer products.

"It is the character of the electronics industry that all our products have a very short production cycle, demanding very fast technical innovation. I understand we must change our products very rapidly and to do that, we must consolidate profits," he says.

Indeed, Samsung last year earned about 2 per cent net profits on sales. Above that, it invested about 3 to 4 per cent of sales in research and development. "That means only about 5 per cent of our sales goes toward new products. In Japan, the figure is close to 10 per cent, or higher. To compete, we must increase profits," he says.

Han's answer to the way this will be done will have a familiar ring to British production managers. "We must improve our efficiency on an operational level and a management level," he says. In Samsung Electronics' case, he says, the company spends too

much on domestic advertising (nearly one per cent of sales). This figure will be drastically cut, he says.

But why should a company which enjoys such cheap labour costs have to worry about improving production efficiency? And why should it consider establishing more production facilities in high-cost markets such as the US or Europe? (It already has facilities in New Jersey and Portugal.)

Han has two answers ready for each question. Korea has cheap labour, but it also has high bank interest rates. While Samsung is not as heavily geared as most Korean companies, it will be depending on bank borrowings to help fund its expansion. Second, Samsung's productivity on a per capita basis is about half of Japanese companies such as Matsushita or Sony. This is because of Japan's higher rate of factory automation. These new machines not only boost efficiency, but they allow for quicker model changes and higher quality control. As a result, Samsung aims to have half its production automated by 1990 in its plants, compared with 25 per cent today.

As for producing overseas in high-labour cost countries, Han points to the twin benefits of reducing trade friction between Korea and the West and improving its access to Western

technologies. From 5 per cent currently, he hopes to have 20 per cent of sales produced overseas in five years.

"Our current product portfolio is now made of cheaply priced, low-value products. We have to move up to high value and high price items. Why? Because the Korean domestic market is already saturated, so our main emphasis must be on foreign markets. To stand firm in those markets, we must stand on their ground and with cheap products, we can't survive," he says.

With the aid of increased R&D spending and technological link-ups with foreign firms, Samsung aims to move into sophisticated industrial consumer markets, such as electronic mail systems, satellite communications and mid-size computers.

Last year, he says, 85 per cent of Samsung Electronics' output was consumer products. That ratio will go down to 70 per cent by 1990, he says. As for sales, he leans back in his chair and says that by 1990, he wants sales to be \$5bn a year. This is despite the fact that the electronics industry itself is projected to grow at a fraction of that pace in the same time. "For that target, I must work hard; that is my mission," he says simply.

His plans for boosting Sam-

sung's research capabilities in order to meet his goal are somewhat surprising. "We want to de-emphasise the technical licence and the joint venture. Throughout our history we relied on doing things that way, now it is time to change. We want to increase our R and D ratio to 6 to 8 per cent of sales within a few years," he says.

As for joint-ventures, "these will be done on the basis of mutual benefit. We want a good relationship with a technology donor and I don't mean a one-way street," he says. Samsung's connection with GE of the US is a prime example. GE is supplying technology to the Korean company in the areas of medical equipment and jet engine parts, while Samsung makes components for GE microwave ovens. "We want more of these kinds of deal in the future," he says.

Han is particularly interested in finding partners who can help the group localise its parts procurement. As 40 per cent of Samsung's raw materials are imported, largely from Japan, the recent rise in the yen is only a mixed blessing. "Both our suppliers and their suppliers need technical assistance from abroad," he says.

But the give-and-take between foreign companies and Samsung will not include as much own-brand manufacture as in the past. Han is anxious to build up an international brand name image for Samsung and says that by the end of the decade, 60 per cent of its products will bear a brand name, as opposed to 35 per cent now.

Han has not decided whether that brand name should be Samsung or something with a more international ring. His ideas about future product development are more general than specific. But, overall, he says Samsung will work to develop system products in the area of home, office and factory automation. These products will be combinations, such as a microwave oven with a tiny TV screen. This way, the cook can watch soap operas or turn on a local teletext service and get a new recipe.

Moving back to the present, he repeats his main theme. Korea's fast growing economy, he says, cannot expand indefinitely. "This fast expansion will slow down in a few years, so this year, I want to rationalise our inefficiencies and shift to hi-technology areas."

Can he do it? Perhaps the last word should go to Arjun Mathrani, general manager of Chase Manhattan Bank in Seoul. "In Korea, it is no longer to have unrealistic targets and try like hell to achieve them, than to have lower targets and meet them easily. These higher targets have a galvanising effect for everyone in the company."

Training

The key to major labour cost cuts

EVERYONE agrees that training is a good thing. Most people now seem convinced that, compared with its foreign competitors, particularly in West Germany and Japan, British industry does not do enough of it.

But how much difference does really effective training make to a company's performance? The training debate seems rarely to descend from generalities such as international comparisons to hard case studies.

A new report from the Technical Change Centre, an independent UK research organisation, fills that gap with a vengeance. It claims that effective training can help a company to cut the labour costs per unit of output to a fifth of its rivals.

Considerable research went into this dramatic finding. Michael Cross and Paul Mitchell, the report's authors, followed the introduction into three companies of major new packaging systems right through from the earliest feasibility study to the point where the systems were running.

The three companies chosen were all food multinationals operating on large, fairly old sites. The product lines into which the new packaging systems were introduced were in each case part of the companies' core business. The costs of the investments varied between £6m and £8.5m.

But the differences were more interesting than the similarities. Consider the bare facts.

The first company laid on 12,000 hours of training for 26 workers. The second company gave 1,300 hours of training to 38 workers. The third company decided it suited its needs to provide almost no formal training.

Behind these discrepancies lie the three companies' fundamentally different attitudes towards the introduction of new systems.

The first saw training as integral to the project from the very start, and identified its broad requirements as soon as the project was sanctioned. It laid down detailed specifications and performance standards for its training programme when the contract for the project was being negotiated. By the time the project was being com-

missioned, training was in full swing.

The second company began to think about training when contracts were being negotiated, and then only in a preliminary way. The third barely bothered even when the new system was being operated; it preferred to rely on its workers' native wit and intuition. It never gave more than on-the-job training for its operators, supplying a minimum of formal training exclusively for its electricians and fitters.

Not surprisingly, these differences were reflected in other dimensions.

The first company used a greater variety of training methods, tried to learn from other companies in its field, particularly ones abroad; was highly active in designing and developing training programmes geared to its own requirements; evaluated its training programmes; and operated departmental and central training budgets, as well as capital and revenue training budgets. It outstripped the other companies on all these points.

Routine

The key benefit for the first company of its devotion to training was a reduction in the number and length of breakdowns. These resulted from the way that operators were trained to anticipate and handle routine faults, so that craftsmen could concentrate on more effective use of their skills.

Thus, in the first company, craftsmen were called in less than 500 times to the wrapping machines over a production period of over 3,000 hours, compared with 554 times over a period of less than 600 hours in the third company.

As a result, according to the Technical Change Centre, the first company could operate with 60 per cent less indirect manning, 50 per cent less direct manning, and about 30 per cent faster than its two competitors.

The parent of the first company is American. The other two are British.

* Packaging Efficiency—The Training Contribution. Michael Cross and Paul Mitchell, Technical Change Centre, 114 Cromwell Road, London, SW7 4ES.

David Thomas

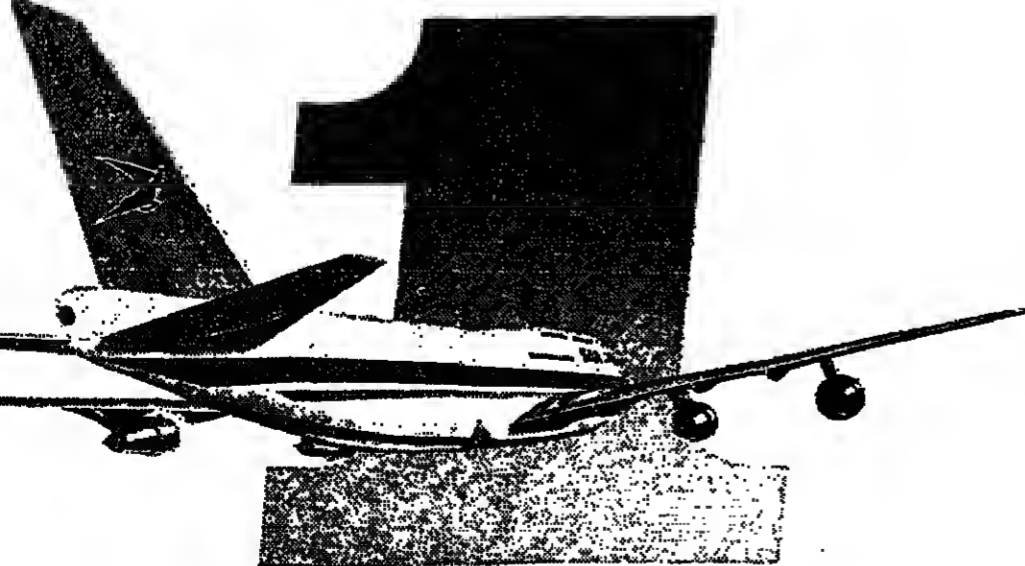
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BUILDING TOMORROW FROM THE GROUND UP



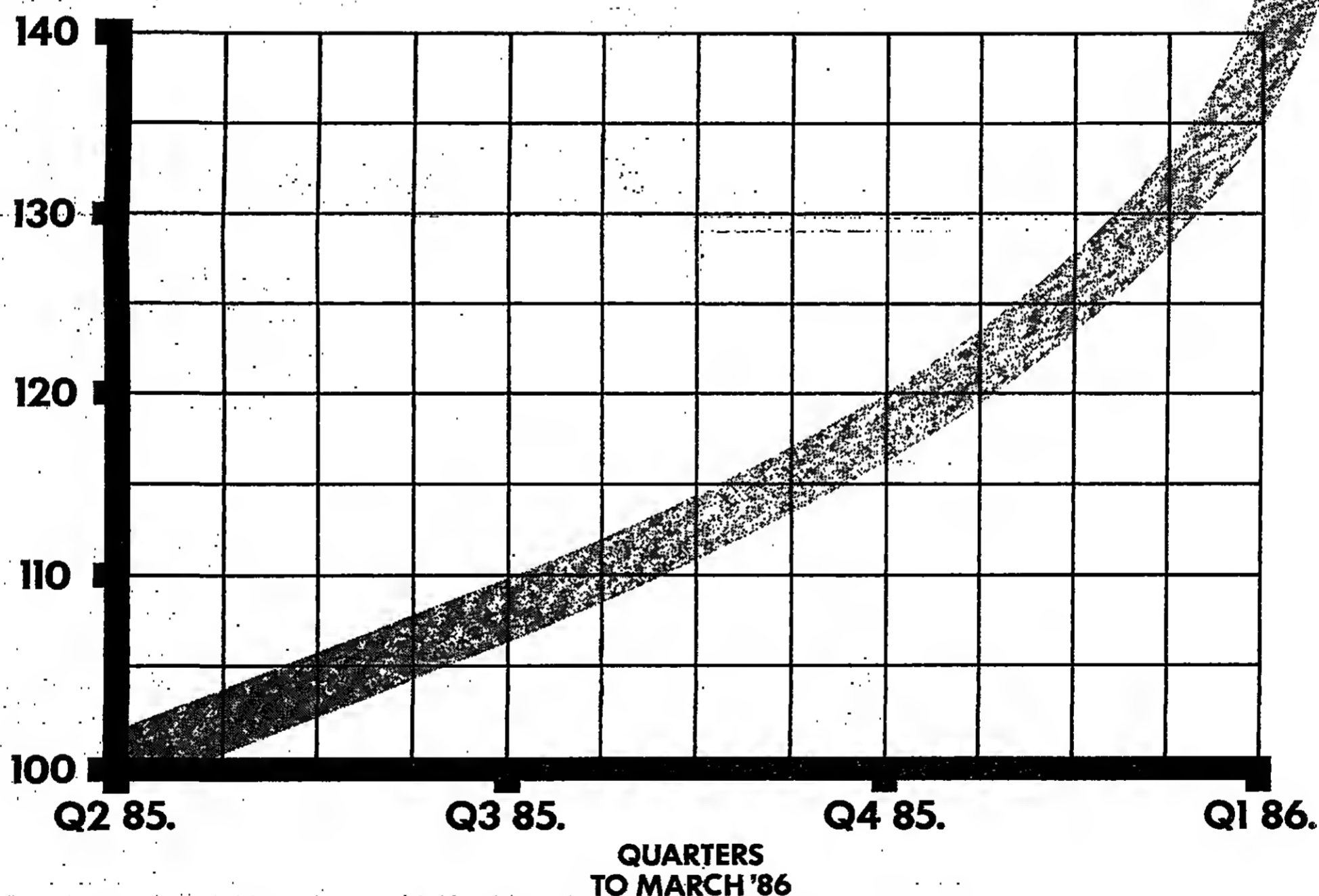
	1985	1984
Turnover	£408.7m	£420.6m
Profit before tax	£36.8m	£32.7m
Earnings per share	36.25p	33.10p

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THE GRAPH BELOW ILLUSTRATES CITROËN'S IMPROVED CORNERING ABILITY.

INDEXED
MARKET SHARE



The latest figures show that Citroën has the fastest growth in sales of any major manufacturer (38% increase in market share* within the last 12 months).

This really shouldn't come as any surprise.

For sometime now the Citroën BX has been winning sales across Europe, over a million have now been sold.

In March of this year the unique diesel version alone outsold every other diesel in the U.K. Quite an achievement when you think of the competition!

This is just one good reason why the BX is now making waves in the fleet market.

It's also due to our C15 Van. Launched only last summer it has captured almost 5% of the car-derived-van market this March. (To say nothing of the unique accolade of

winning 3 Van of the Year awards.)

But that's not all. Our quality control is now one of the best in Europe.

We've invested heavily in our factories, and in new model development, using some of the most advanced equipment to be found.

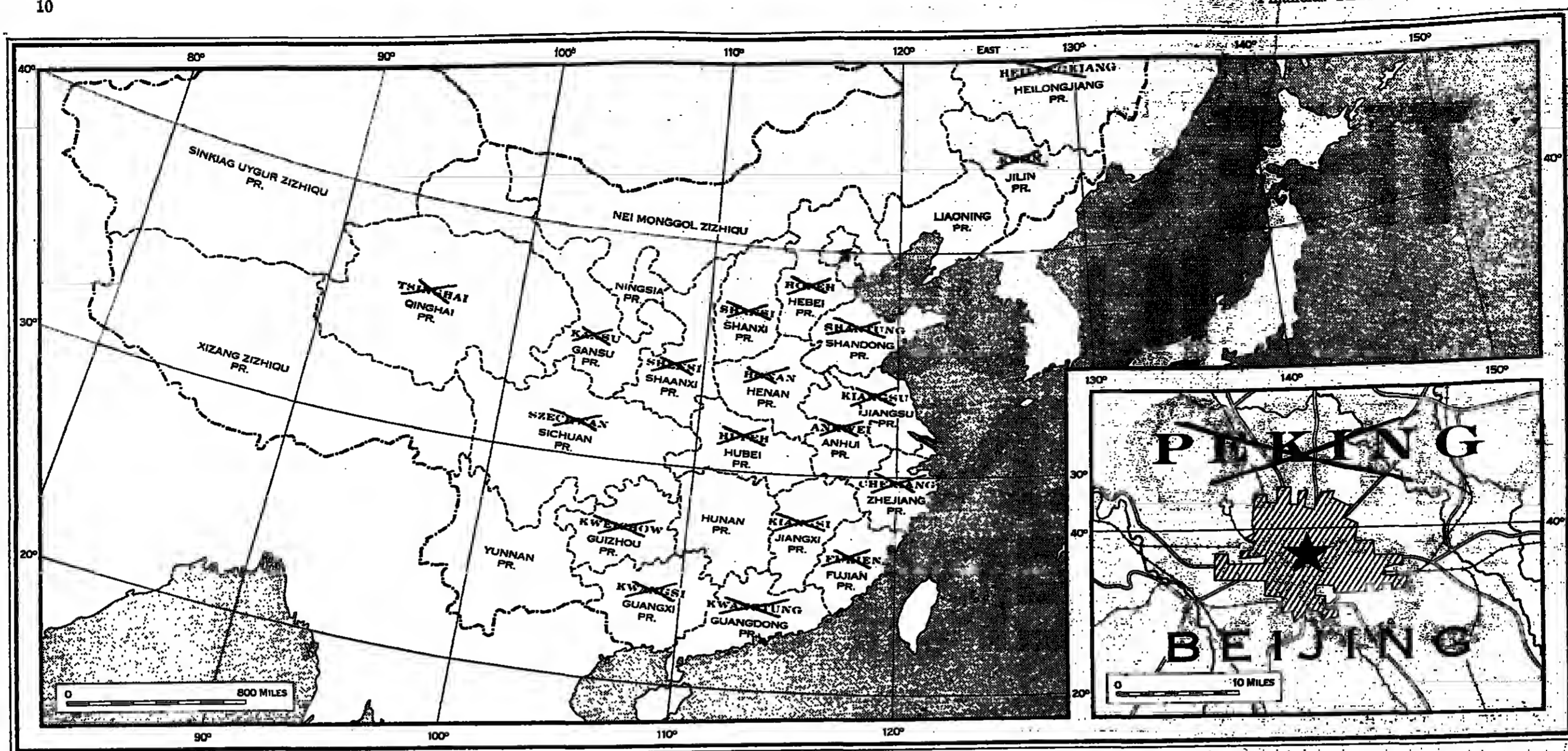
So what of the future?

New exciting model introductions are already in the pipeline for launch early in '87. This commitment will ensure that Citroën's success continues well into the 90's.

Indeed, having improved our cornering, we're now set to really motor down the straight.

CITROËN UK LTD.





Call it 'Peking' and you're a dead duck.

China is eager to attract Western investment yet understandably anxious to maintain its own very different culture and traditions. Saying the wrong thing can cause offence; but even saying the right things may get you nowhere if you're talking to the wrong person. Where do you go to get reliable information and advice? No-one is better qualified to help than KMG, accountants and consultants with 490 offices worldwide including Beijing and Hong Kong.

It's not just words that are changing in the People's Republic of China (PRC); it seems the whole place is in a state of flux.

Only a couple of decades ago, business regulations affecting foreign companies operating there were virtually non-existent.

If that sounds pleasantly uncomplicated, ask someone from the West who's experienced it. (Try repatriating your company's profits from a country with rudimentary business laws, few tax precedents and flexible regulatory agencies).

This lack of Western conventions means that, to operate in the PRC, you need all the help you can get.

Specifically, you need experienced people on the spot: ideally a well informed team of multilingual business advisors with established contacts.

You might find their advice even more useful if it was available in a global context, with help from their professional colleagues in 71 countries (almost certainly including the location of your company's headquarters).

KMG, the one organisation that meets this description, is structured so that each member firm can operate in

the way that suits its own clients best. (Rather than dancing to a tune composed thousands of miles away.)

Thus, the one Engagement Partner you deal with can provide both the global expertise and control of a large

and several important foreign trade corporations.

Regular contacts with officialdom can be useful to help oil the wheels of commerce in almost any country.

But in China they're absolutely

ticular, assessing Chinese arts and crafts for an international consumer products company; and helping numerous teams of Western executives negotiate various joint manufacturing ventures.

None of this would be happening without the present government's "Four Modernisations" programme, symbolised by the establishment of Special Economic Zones with tax incentives for Western businessmen.

But before you join the rush, should your Chinese venture be a solus enterprise or a joint venture?

Should you build an assembly plant or a complete factory?

Should you produce for the Chinese market or for re-export?

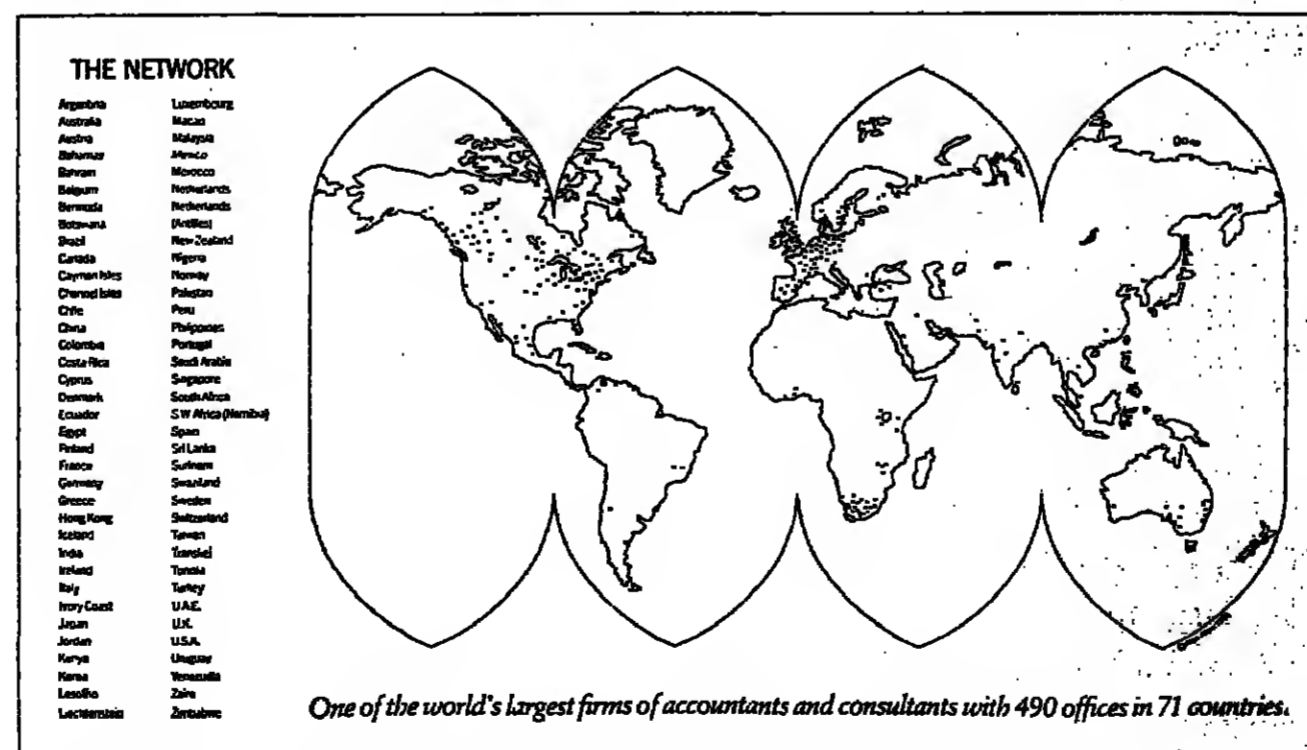
Should you, indeed, be setting up in China at all?

Even in the age of the "Global Village", it isn't like opening a new plant just down the road — and that's exactly why you need our help.

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international organisation, and the local knowledge you expect from a strong local accountant.

Our contacts in the PRC are established at the highest level; they include the Chinese Ministry of Finance, numerous bodies in the Ministry of Foreign Economic Relations and Trade,

essential; the lines of communication are so tightly drawn that if you don't know who to approach, you can't begin to make things happen.

"Making things happen" in KMG's terms has included detailed studies of the Chinese market as a whole, and the energy scene in par-

UK NEWS

Disruptive action starts in prison officers' dispute

By Philip Bassett, Labour Editor

PRISON OFFICERS last night opened their long-forecast campaign of industrial action over manning levels and negotiating practice by taking immediate action at ten prisons in the south west of England. This followed what the officers' union claimed were staffing cuts at Gloucester Prison.

Although the action by members of the Prison Officers' Association (POA) was due to be called off at this morning, union leaders made clear that they would be prepared to intensify and spread the action if necessary depending on the response of the Home Office.

The action throws into question the progress of talks on the dispute between the POA and Mr Douglas Hurd, the Home Secretary.

The national executive of the POA yesterday authorised immediately what the union described as "widespread industrial action" after a decision by the governor of Gloucester Prison to reduce the number of tasks carried out by the prison's 130-200 officers. These included finishing duties earlier and unlocking prisoners later - effectively reducing the length of the prison's daily regime.

The POA leaders said this amounted to a threat to their members because it increased the likelihood of non-violent prisoners becoming violent.

Harland confirmed winner of ship order

By Lynton McLain and our Belfast correspondent

A CONSORTIUM led by Harland and Wolff of Belfast was confirmed yesterday as the winner of the order to design and build the Royal Navy's first auxiliary oiler replenishment vessel. It will be subject to penalties if the yard fails to keep within its £130m tender price.

The Government threatened to stop the state-owned yard bidding for future naval work if costs rose by more than 5 per cent. It also threatened to carry out an "immediate review" of the Belfast work if costs rise by over 10 per cent above budget. This could result in "alternative arrangements for completing the vessel, including a possible transfer of the work elsewhere." The future of Harland and Wolff itself would also be reviewed.

Mr John Parker, chairman and

chief executive of Harland and Wolff, said: "Winning the lead ship in what may ultimately be a ship series is of extreme importance to the company in establishing its position as the lead design yard for this type of vessel. It should place the yard in a strong position to secure further orders in the series."

Swan Hunter, the recently privatised shipyard on Tyneside, north-east England, and the only other bidder, lost the contract after a campaign fought bitterly by both yards. Swan Hunter lost because the Belfast design was "technically preferred, offered an earlier delivery and a keener price," Mr George Younger, the Defence Secretary, said in a House of Commons statement.

OBITUARY

Duchess of Windsor dies aged 89

THE DEATH of the Duchess of Windsor yesterday at the age of 89 in her secluded home in the Bois de Boulogne, Paris, brings to an end one of the most extraordinary episodes in the history of the British monarchy.

The determination of the Duke of Windsor to marry her during his brief reign as Edward VIII led to the abdication crisis of 1936 and resulted in a monarch voluntarily giving up the British throne for the first time in 11 centuries.

The crisis, which was handled with consummate political skill by Mr Stanley Baldwin, the Conservative Prime Minister, divided the nation. The King, rather than give up the woman he loved, the American-born Mrs Wallis Simpson, went into exile, thus giving rise to a romantic legend that has fascinated writers and film-makers for nearly half a century.

Since the duke's death in 1972, the duchess - as Mrs Simpson became after her marriage to the duke in France in 1937 - had lived a secluded life in their house in Paris. In recent years the duchess, who cut an elegant figure in fashionable society in the 1930s, had been bed-ridden with arthritis.

She was born in 1896 and in 1918 married a prominent American naval pilot but was divorced in 1927. She married Ernest Simpson in Chelsea in 1928 and led an upper-class life in London's West End.

In 1930 she met the Prince of Wales by chance when she and her husband replaced a couple who had dropped out of a weekend house party.

In his biography, *A King's Story*, the duke recalled her as a "complex and elusive woman," who was well informed about politics and current affairs and an amusing conversationalist.

Their developing relationship was the subject of censorious gossip in society circles and Mrs Baldwin, the Prime Minister's wife, described her as "the siren who stole our fairy prince."

Matters came to a head when the relationship was widely reported in foreign newspapers. At first the British press held back but eventually it started to print items about the couple.

In January 1936, King George V died and in October Mrs Simpson was granted a divorce. On October

20 Mr Baldwin had an informal talk with King Edward, but the gravity of the crisis remained concealed from the British public for several weeks.

At a further meeting on November 16, the King told the prime minister that he intended to marry Mrs Simpson and although he still wished to remain king, he was prepared to abdicate as a last resort.

Mr Baldwin and the Cabinet opposed the proposal, not because Mrs Simpson was a commoner but because they correctly believed that public opinion would not tolerate a twice-divorced woman as queen.

A "King's party" led by Mr Winston Churchill and Lord Beaverbrook became highly vocal but it was clear that the public was on Mr Baldwin's side.

To the end of his days, the duke believed that the abdication had been forced on him by a conspiracy of the establishment, led by the prime minister, and the Anglican church.

Temper rose when the Archbishop of Canterbury, Cosmo Lang, made a broadcast in which he said that the King had sought happiness "in a manner inconsistent with the Christian principles of marriage and within a social circle whose standards and ways of life are alien to all the best instincts and traditions of his people."

In the long run, the crisis left the monarchy virtually unscathed. Nevertheless, abhorrence of divorce remained strong in royal circles as was demonstrated in 1936 when Princess Margaret was prevented from marrying Group Captain Peter Townsend, who had been the innocent party in a divorce.

The duke and duchess remained bitter about their bearing experience. On a brief visit to London in 1951, the duchess declared: "I hate this place. I shall hate it to my grave."

In later years, however, their relationship with the monarchy improved and members of the royal family visited them in France.

In accordance with the wishes of the duke and duchess, she will be buried alongside her husband in the royal family's private burial ground at Frogmore in the grounds of Windsor Castle.

John Hunt

Print union wins court ruling on assets

By David Brindle

PROPERTY and funds of 80 branches of the print union Sogat '82 will be released by the union's sequestrators after the Appeal Court ruled yesterday that branch assets do not belong to Sogat itself.

As the bulk of Sogat's funds is held at branch level, the decision means the union may be given a fresh lease of life in its three-month old dispute with News International over the company's move to Wapping, east London.

It also means that sequestration may in future not bring a union to a standstill through lack of resources. By reorganising so that financial control is decentralised, unions may be able to escape the seizure at one swoop of all or most of their assets.

The decision came in an appeal against a High Court ruling that union funds were subject to a sequestration order, issued in February after Sogat refused to withdraw an instruction to members to boycott distribution of News International newspapers.

APV rejects £182m bid by Siebe engineering company

By Charles Batchelor

SIEBE, the fast-growing safety products and engineering company, yesterday launched a £182m all-share takeover bid for APV Holdings, the process engineer, just nine months after paying £75m for CompAir, the compressed air equipment group.

APV, which last week announced a doubling of its pre-tax profits to £15m in 1985, immediately rejected the Siebe offer as "unacceptable in amount, form and substance."

The Siebe offer is the latest in a series of contested bids and mergers to take place in the previously unfashionable engineering sector.

A combination of Siebe and APV would create a company with a combined turnover of about £280m, pre-tax profits of around £25m and a workforce of 21,000 people.

Siebe is a specialist in the control and filtration of gases and liquids while APV supplies process equipment for the food and drinks industries.

Siebe and Kleinwort Benson, its financial adviser, bought 25m APV shares on the stock market yesterday to give them a stake of 8.4 per cent in APV.

Siebe is offering 23 redeemable convertible preference shares of 25p each for every four APV shares. These shares, which carry a dividend of 4p a share, are convertible into Siebe ordinary shares on the

SIEBE'S MAJOR ACQUISITIONS				
Year	Company	Cost £m	Products	
1972	James North	7.45	Protective clothing	
1981	Rieth and Co (Germany)	2.1	Power station equipment	
1983	Norton Company (safety products division) (US)	31*	Protective clothing	
1983	Tecalemit	18.3	Garage equipment	
1985	CompAir	75	Compressed air equipment	
1984	Deutsche Tecalemit (Germany)	11	Automotive equipment	

* For a controlling stake

basis of 10 convertible shares for one ordinary share.

Kleinwort estimated the value of the preference shares at £1 each to value the offer at £75p for each APV share. APV's shares rose 20p yesterday to 555p, while Siebe's shares fell 5p to 885p.

Mr Barrie Stephens, Siebe's chief executive, said a link-up between the two companies would be "a magical marriage." Siebe - which has carried out five acquisitions over the past six years - could improve APV's technical capabilities and market share by applying better management, he added.

Commenting on the recovery of APV's profits in 1985, Mr Stephens said: "Just because they have brought the company out of the emergency does not mean they have delivered the goods. They have done an adequate job but we would

have been faster off the mark."

Sir Ronald McIntosh, APV chairman, replied: "I do not think they have our degree of engineering skills. We regard them as a conglomerate." APV is advised by S. G. Warburg.

It is the latest in a series of take-over bids to galvanise the once unfashionable engineering sector. Earlier this month Evered Holdings made a surprise £161m takeover bid for McKechie Brothers, a non-ferrous metals and plastics group. Evered had long been expected to bid for TI Group on the basis of the 20 per cent shareholding it bought last year.

McKechie had already fought off an earlier takeover bid from Williams Holdings, an industrial conglomerate.

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Mr Hardy deftly demonstrates that there's more to a Merlin phone system than meets the ear.

BEING AN EXPLANATION OF HOW MR HARDY'S MERLIN SYSTEM COULD PERFORM THE ASTOUNDING FEAT OF TRANSMITTING DATA ALONG THE TELEPHONE LINE.

Since childhood, Ernest Hardy had inspired something close to awe in ordinary mortals.

His twin attributes of rare vision and uncanny judgement manifested themselves as enviable good fortune. And the potency of these rare gifts was apparent today in the magnitude of Hardy's success.

PLENTY OF ROOM FOR DATA

"Tell me, Mr Hardy", asked an over-zealous young graduate as Hardy swept through the office, "what sort of phone system do we have here?" Hardy stopped dead in his tracks.

"A Merlin IT440 from British Telecom," Hardy wondered if the question was born of genuine interest or idle flattery. "And there's a lot more to the IT440 than meets the ear", he continued, "Let me explain. Traditionally, we use the phone system for speech, but the fact is that speech occupies only a fraction of a phone line's capacity. Human speech is of low frequency whereas data can be transmitted at much higher frequencies. The two can thus share the same phone line in perfect harmony."

"Without interference?" asked the graduate timidly.

Mr Hardy smiled benevolently. "Without interference. In fact, it's

possible for several data signals to share a single phone line. Oh yes," said Hardy. "With a Merlin Datelnet

Merlin Datel modems from British Telecom, all capable of transmitting data anywhere in the world, using the ordinary public telephone network."

INTEGRATION AT ITS MOST INTIMATE

"But the abundance of our data demands something even better," Hardy led the graduate to a room at the end of the corridor and flung open a door. "Here is everything we have talked about in a single unit. The Merlin IT440 from British Telecom. Voice, data and text all over the phone lines. Behold a fully integrated system."

The young man turned to look at Hardy. The IT440 was a truly remarkable system and he was a considerably wiser graduate than before.

He was beginning to realise why they said Hardy had vision.

system from British Telecom you'll find you have plenty of room for data."

THE LONG AND SHORT OF DATA TRANSMISSION

Hardy continued, "For short distances, say up to 10 kilometres or just around the building, a Merlin Datelnet system is ideal. But the phone lines don't stop at the front door, do they?"

The young graduate shook his head, following Hardy along the corridor. "And so we have a range of

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U.S. SALES 1985 \$158 MILLION.



THESE DAYS WE HAVE MORE THAN JUST A TOEHOLD IN AMERICA.

U.S. SALES 1980 \$29 MILLION.

America might seem a rather ambitious market for the fledgling retailer we were back in 1980.

But the opportunity to acquire Childs Corporation was one we simply couldn't afford to miss.

Its fifty family shoe shops and safety footwear division fitted our U.K. operation like a glove. (Or perhaps, more appropriately, like a pair of our own shoes.)

And gave us a chance to develop the philosophy we were already practising successfully over here.

Quite simply, this involves searching out companies with good potential and good managements.

And then using our resources and experience to back the management's plans.

Since establishing this toehold on the other side of the Atlantic, we've gone on to stamp our presence across an ever increasing number of States.

In 1981, for example, we acquired Charles Kushins' successful chain of Californian shops. Then, in 1982, Hofheimers' 47 stores in Virginia and North Carolina.

And early in 1984 we took a major stake in Wiener's widespread network of shoe and fashion outlets.

Today we have over 200 outlets and some 800,000 square feet of U.S. sales area.

We also have a highly profitable business.

We don't just look upon America as a profit centre, however.

It also provides our senior executives with invaluable experience in a highly sophisticated retail market.

Over the years, retail ideas developed in America have played a major part in revitalising many sectors of U.K. retailing.

And already ideas and methods we've seen in action on the other side of the Atlantic are paying dividends for us on this side.

Perhaps more importantly, though, we expect to continue our growth in the U.S.A.

We may have started with just a toehold in America. But today we have our feet firmly planted there.

WARD WHITE 

UK NEWS

Thatcher talks offer accepted by Unionists

BY PETER RIDDELL, POLITICAL EDITOR

ULSTER UNIONIST leaders have written to Mrs Margaret Thatcher, the Prime Minister, agreeing to a meeting to explore the possibility of negotiations over the Anglo-Irish agreement, which gives Dublin a say in the affairs of the province.

Mr Tom King, the Northern Ireland Secretary, welcomed the acceptance of Mrs Thatcher's offer by the Rev. Ian Paisley and Mr James Molyneux, leaders respectively of the Democratic Unionist Party and the Official Unionist Party.

However, he said during a BBC radio interview that there was no question of negotiations at this stage. The meeting would take place to "clear the ground" and to see if there was a basis for serious discussions.

The Unionist leaders released the text of their joint letter to Mrs Thatcher. In it they said a clear understanding of respective positions was necessary if the talks were not to prove abortive.

Later, Mr Paisley said that if negotiations were to start, the Government would have to cease implementing the Anglo-Irish agreement, and the Unionists, in turn, would



Mr Tom King: "No question of negotiations"

freeze their protest campaign. A toughening of the campaign was announced on Wednesday. It included a call for loyalists to withhold the payment of local property tax payments.

Earlier talks between the Unionists and the Government collapsed in February and this was followed by the Loyalist one-day strike on March 3.

Consumer spending stays at £38bn

BY GEORGE GRAHAM

CONSUMER spending in the first quarter of 1986 remained unchanged from the previous quarter, the Central Statistical Office said yesterday. Preliminary estimates show that spending totalled £38bn at 1980 prices, the same as in the fourth quarter of 1985 but 3.7 per cent higher than the same period a year earlier.

Although not as high as recent statistics for retail sales might have suggested, City of London economists said the figures still pointed to buoyant consumer expenditure this year. The Government has forecast that consumer spending will grow by 3.9 per cent to £155.5bn

in 1986 and will be the main pillar of demand this year.

In the last three-month period, spending increased on energy and clothing, largely as a result of February's exceptionally cold weather. These rises were offset by small falls in other spending sectors. Since the last quarter of 1985 the main contributors to spending growth have come from durable goods, clothing, energy and services.

Separate figures published earlier this week had shown retail sales in the first quarter of 1986 rising 1 per cent from the previous three-month period and 4 per cent from the same period a year earlier.

REPROCESSING DEALS FOR SELLAFIELD PLANT

Nuclear group wins £1.6bn contracts

BY DAVID FISHLOCK, SCIENCE EDITOR

CONTRACTS WORTH about £1.6bn for the reprocessing of spent nuclear fuel from Britain's advanced gas-cooled reactors have been awarded to British Nuclear Fuels (BNFL) by the Central Electricity Generating Board (CEGB) and the South of Scotland Electricity Board.

The award covers reprocessing at the Thorp facility (thermal oxide reprocessing plant) being built by BNFL at its Sellafield, Cumbria, factory, in north-west England, at a cost of £1.6bn.

The contracts, worth about £1.1bn from the CEGB and about £540m from the Scottish board, represent about a third of the plant's reprocessing capacity for the first 10 years of its life.

The other two thirds of its capacity is already spoken for by contracts with 28 overseas electricity companies in seven countries. Thorp, a chemical factory enveloped in a concrete box about 380 metres long, is now fully committed for its first decade of operation at a throughput of about 800 tonnes of spent fuel a year.

Preliminary discussions between BNFL and its customers suggest that since Thorp's capital cost will be written off over its first decade, reprocessing prices could be up to 25 per cent lower for the second decade.

The British utilities jointly confirmed yesterday that their intention was to reprocess fuel as it arose from its advanced gas cooled reactors (AGRs) once Thorp was onstream. This would minimise any

risk of the fuel deteriorating in long-term storage.

As an insurance they plan to construct a £200m huffer store, capable of holding a year's output of spent fuel from the 14 AGRs in operation or under construction in Britain. Whereas AGR fuel is normally stored under water, this huffer store would keep it dry, in four argon-filled vaults, with minimal risk of corrosion.

Lord Marshall, chairman of the CEGB, emphasised that the huffer store was not an alternative to the reprocessing of spent fuel, but an insurance against a major unscheduled breakdown of Thorp's operations.

Dr Donald Miller, Scottish power board chairman, said that Scotland was already dependent on nuclear fuel for 45 per cent of its electricity, and it would exceed 80 per cent when its new AGRs at Torness came into service in 1987-88. It needed the highest possible assurance that nuclear operations would not be restricted by lack of flexibility in the fuel cycle.

The two electricity board chiefs emphasised that that electricity prices would not rise as a result of the reprocessing contracts, before Thorp comes onstream, because they were already making provisions for reprocessing in their accounting.

They would divulge no details of the reprocessing contracts beyond saying they were getting a better price than BNFL's overseas customers because of the size of the contracts.

The overseas contracts are for fuels from the pressurised water (PWR) and boiling water (BWR) types of reactor which, because the fuel is designed to operate in water coolant, present no long-term storage problems.

Lord Marshall said the overseas companies had negotiated cost-plus contracts at an early stage, and taking the risk that design changes might increase the cost.

The British companies had preferred to wait until BNFL had prepared a detailed design for Thorp, and had advanced its nuclear safety case in more detail.

The British contracts were not cost-plus but contained both incentive and penalty clauses for BNFL, he said. They took account of the fact that BNFL might be faced with additional demands beyond its control from the nuclear inspectors, and that the two companies might fail to deliver as much fuel for reprocessing as was forecast during the 1990s.

Lord Marshall denied the delay in signing the Thorp contracts had any basis in doubts the case for Thorp, as tested at the Windscale public inquiry in 1977.

The CEGB had constantly reassured BNFL's overseas customers that it was fully committed to Thorp as the instrument of its AGR spent fuel management policy. He said it would undertake the economic comparison of reprocessing with long-term storage, as alternative spent fuel management policies, as recommended by the House of Commons environment select committee last month. But he was confident that the outcome would favour reprocessing.

Mr Neville Chamberlain, chief executive of BNFL, said its Thorp project would provide about 6,000 jobs during construction. Thorp is a chemical processing plant, operating at temperatures and pressures which are modest by chemical process industry standards. It will dissolve the ceramic fuel used in the more advanced types of reactor operating today, and separate them into three main components - uranium, plutonium and fission products.

The uranium and plutonium will be refined for re-use as nuclear fuels. The radioactive waste liquids will be solidified in a new plant adjoining Thorp, and eventually buried permanently.

Through reprocessing, the radioactive waste to be buried will contain only 1 per cent of the plutonium present in the original fuel, all of which would be buried if the fuel were disposed on unprocessed.

Mr Chamberlain estimated that "well over 90 per cent" of the capital cost of Thorp would be spent with British companies, in what was one of the biggest capital projects ever undertaken in Britain.

About a third of the project was already finished, and about £800m had been committed to a plant big enough to envelop St Paul's Cathedral, in London, requiring 1m tonnes of concrete and 200 miles of steel pipe.

Truck producer says 'grave misjudgment' to block GM bid

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE UK Government was guilty of a "grave error of judgment" when it prevented General Motors of the US buying BL's Land Rover and Leyland companies to merge with its Bedford subsidiary, said Mr Peter Foden, chairman of ERF, yesterday. ERF is Britain's one remaining independent truck producer.

At the launch of a new ERF truck cab, Mr Foden stated: "This unduly and halfhearted attempt to dispose of BL is typical of politicians who are more interested in saving their own skins than in making economic common sense."

Because of such behaviour, he said "the steady decline of Britain's industrial base is now a fact rather than a fear."

ERF is one of the heavy truck industry's smallest producers but Mr Foden insisted that he welcomed the recently announced merger of Iveco, the Fiat-owned truckmaker, and Ford's British heavy truck operations as heartily as he would a combination of Bedford and Leyland Trucks. "The bigger the giant groups, the bigger the crumbs that fall from their tables for companies like ERF to pick up."

"Every merger means there is one fewer competitor for ERF."

Mr Foden was launching a series of cabs, called the SP4, aimed at the UK market. He suggested that the improved cabs would help to boost ERF's sales in the UK to 2,250 this year compared with 1,857 in 1985.

In particular, the use of the new cab on ERF's 16-tonnes gross weight vehicles at the bottom end of its range would enable the company to promote the vehicles aggressively for the first time and should double UK sales.

The improvement in the UK would compensate for the expected downturn in truck and bus sales in South Africa, ERF's main export market, which might decline from 320 in 1985 to 220 this year.

Mr Foden reported that ERF was profitable in the year to March 31 and full details would be given to the London Stock Exchange in June. In the 1984-85 financial year, the company suffered a pre-tax loss of £538,000.

The SP4 cabs are more roomy, have greater storage facilities and are quieter than the ones they replace and there have been extensive changes to the instruments.

Volvo importer denies fault despite recall

BY JOHN GRIFFITHS

VOLVO's UK importer yesterday denied that its decision to recall 33,000 340 series cars for automatic transmission modifications implied that they had a design fault, it said it would contest any court actions for damages arising out of past incidents relating to the recall.

Volvo Concessionaries, owned by the Lex Group, is to fit the cars with a revised gear-selector mechanism and an audio-visual warning system to emphasise when the car is in reverse. The company said that in inquiry by Volvo and the Department of Transport had shown that misuse of the gear lever could leave the car still in reverse when it appeared to be the "park" position.

The inquiry followed complaints of cars moving off unexpectedly in reverse. Volvo said that even if re-

verse was engaged, "the car would only move backwards if the accelerator was depressed or the choke was in use with the handbrake off."

The company said only two incidents had been reported. The Volvo Owners' Action Group, comprising owners who insist their cars have been involved in similar incidents, claims that there have been deaths and injuries in some of a total of about 300 such incidents. It has said that some owners may take legal action following the announcement of the recall.

Last November Volvo Concessionaries issued revisions to the cars' instruction manuals to emphasise the correct procedures for use of the automatic transmission. The company said that the recall applied only to the UK.

Alfa Romeo completes sale of UK arm

BY OUR MOTORING CORRESPONDENT

NEARLY all the employees of Alfa Romeo's UK subsidiary are to lose their jobs as a result of a deal in which the state-owned Italian car group will sell 80 per cent of the subsidiary to the Forzer Kemsley and Milbourn trading group.

The new majority shareholder will, however, increase the number of main dealers from 75 to 100 by the beginning of June and then to 130 by the end of the year.

The number employed by Alfa Romeo (Great Britain) has been cut by half to about 80 over the

past two years. Mr Lawrence Kemmish, the incoming chief executive, said yesterday that 20 London sales staff had been told they would be made redundant before the sale was announced and these jobs would still be eliminated.

About 20 other employees had been offered jobs under the new management but only seven accepted, mainly because it would involve moving from London, where Alfa (GB) has its headquarters, to Dover, Kent. The company will in future share premises there with the Daihatsu

Japanese car import franchise, also owned by TKM.

Mr Rinaldo Ossolani, who has been Alfa (GB) chief executive since 1984, will take a new job with the Italian parent.

The latest available accounts for Alfa (GB) show that in 1984 it lost more than £7m and the Italian parent subsequently had to inject £14.6m to cover losses before December 1985.

In the peak year, Alfa's UK car sales totalled 13,000 but last year only 3,003 were registered. Mr

Kemmish said that the company hoped to hold sales at last year's level in 1986 while preparing for growth from next year onwards.

Colt Car Company, which imports Mitsubishi cars and light commercials to the UK, has signed a further seven-year agreement with the Japanese manufacturer.

The company, which is 49 per cent owned by Mitsubishi, achieved record sales of 13,895 vehicles last year compared with the 2,989 recorded in its first year.

THE INFINITELY SMALL.



Our journey into the world of the infinitely small has just begun. Recombinant DNA technology is opening up a microuniverse with unimaginable possibilities.

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Alfa-Laval is the natural choice for biotechnologists throughout the world, helping to bridge the gap from the laboratory to commercial production. Biotechnology is an important part of the exciting world of Alfa-Laval. For more information about the rest of Alfa-Laval's world, send for a copy of our Annual Report. Write to: Alfa-Laval AB, Public Affairs & Communications, Box 12150, S-102 24 Stockholm, Sweden.

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FT REGIONAL REPORT

PETERBOROUGH

Peterborough's Development Corporation provided the muscle for its industrial and commercial expansion into a prosperous regional centre

Successful selling of a city's attractions

By Andrew Taylor

DRIVING NORTH from London along the A1 20 years ago, it would have been easy to miss Peterborough. Only two small road signs, within two miles of the cathedral city, proclaimed its existence.

Two decades later, Peterborough has blossomed. It is a major regional centre with one of the fastest growing populations in the country. It has a healthy and varied economy, and has proved remarkably successful in attracting new industries and commerce.

Yet, 20 years ago, it was only through its magnificent 12th century Norman cathedral (tomb of two queens, Catherine of Aragon and Mary Queen of Scots), that Peterborough warranted the title of city. It was more like a sleepy market town, to which had been attached a few large engineering names that had come to the city following the arrival of the railways in the 1840s.

Throughout the 1950s and 1960s, Peterborough's economy was dominated by engineering operations such as Perkins Engines, making high speed diesel engines, mostly for agricultural equipment; Baker Perkins (no relation) making machinery for the baking, confectionery and printing industries; and Peter Brotherhood, making steam turbines and compressors.

Two of them, Baker Perkins and Peter Brotherhood, had been in Peterborough since shortly after the turn of the century. Frank Perkins started Perkins Engines in 1932. But new production techniques, company rationalisations, and the recession in the engineering sector have meant that such traditional operations now employ fewer workers.

During the 1970s and 1980s, as the city expanded, the slack has been taken up by new industries and commerce.

Thomas Cook, the travel group, has established its headquarters here. Mors, the cigarette machinery manufac-

turer, has arrived; so has Lloyd's Life, the life assurance company, and United Technologies, the US electronics group. Trustee Savings Bank has its regional headquarters here.

Two key events shaped the fortunes of modern Peterborough. One was the arrival of the railways; the other, the decision in July 1967, to designate the city as one of the last generation of so-called new towns.

The new-town programme, introduced in the 1950s by a Britain anxious to construct a new environment after the ravages of war, created a string of powerful development corporations to mastermind the

planning and development of places like Basildon, Harlow and, latterly, Milton Keynes, Peterborough and Warrington.

The programme is now being gradually run down on the orders of government. Public sector assets like warehouses, factories, office blocks and corporation land, are to be sold off by the Commission for New Towns, and responsibility for the new towns handed back to the relevant local authorities.

Dislocation day for the city is planned for September 30 1988 — almost 18 years and six months after its development corporation started building work.

Since April 1970 it has put in place: two new road bridges across the River Nene; built more than 150 miles of road, including the nearly completed Peterborough ring road; constructed more than a million square feet of offices and more than 5m sq ft of factories and warehouses, as well as building more than 10,000 homes and one of the finest shopping centres in Europe.

Progress, however, cannot be

measured solely by bricks and mortar. So how successful has the corporation been, and what legacy will it leave behind it?

Peterborough, like Warrington, is not a "new" town. Both are much older centres, to which the suffix new town has been, rather confusingly, added.

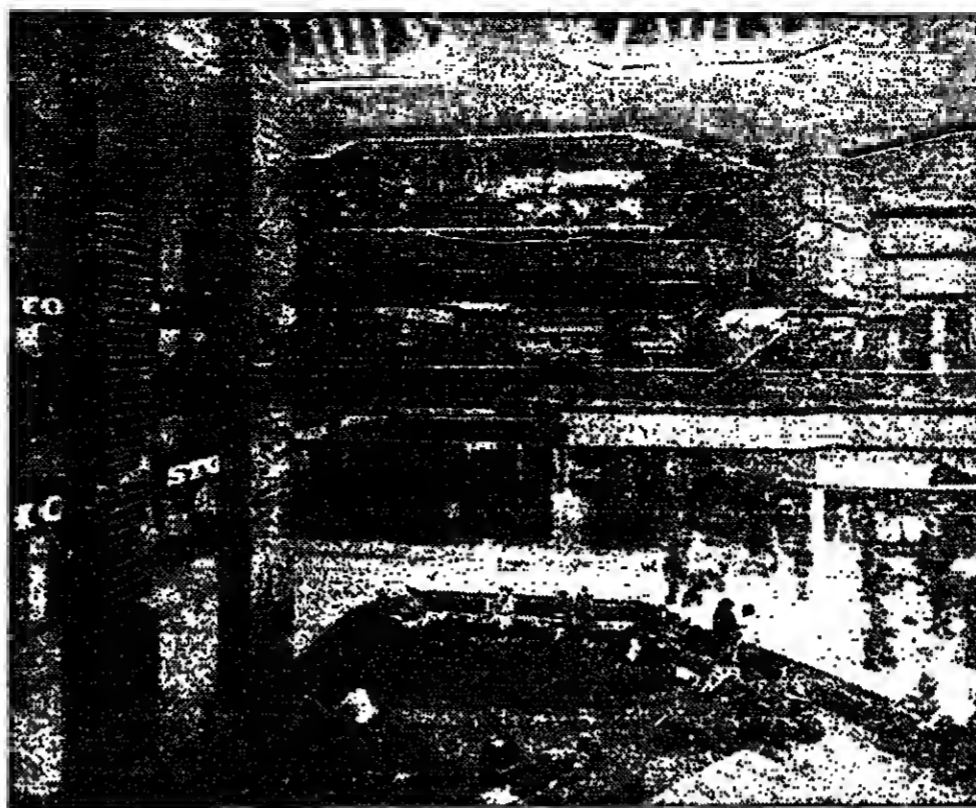
Perhaps a sense of history, of continuity and identity within the community, and the fact that they were able to learn from the mistakes of earlier-generation new towns, has helped Peterborough and Warrington to become two of the outstanding successes of the new town experiment.

There is little evidence of new town blues among new-comers to Peterborough. Mr Alan Cavanagh, managing director of Pax International, the electrical appliance and component supplier, which arrived in 1977, says that sensible redevelopment, good housing and local amenities, and the city's attractive location on the edge of the flat lands of the Fens, are positive inducements when it comes to recruiting staff from outside.

What the development corporation has been able to bring to Peterborough is development muscle, to provide the infrastructure to support a busy industrial and commercial centre, and marketing skills, not least of which is location.

Peterborough is next to the A1, the strategic north-south highway on the eastern side of the country. The city is also no more than 60 minutes by train from London's Kings Cross terminus — an important bonus for executives who do regular business in the capital or who maintain a small head office there.

Proximity to Cambridge, the East Anglian high technology capital, less than an hour away by car; the planned expansion of Stansted airport to the south; the construction of the M25 orbital motorway around London — these all add to Peter-



Queensgate, regarded as one of Europe's finest regional shopping centres

borough's attractiveness as a commercial location.

But accidents of geography cannot entirely explain its rapid growth. A study published by Cambridge Economic Consultants shows that, between 1971 and 1981, there was an increase of almost 30 per cent in jobs in Peterborough, compared with rises of 13 per cent in Cambridgeshire and 9 per cent in East Anglia and a fall of 4 per cent nationally. The lower cost and availability of labour were said to be key factors in the city's expansion.

Good industrial relations was just as influential, said the report, which revealed that, between 1972 and 1981, the average number of days lost annually through industrial action in East Anglia was 221 per 1,000 employees, compared with a UK average of 534.

Between 1979 and 1982, the number of days lost per 1,000 employees in Peterborough averaged 240, compared with 246 for the whole of East Anglia.

A good location, pleasant environment and good labour relations (some of which presumably existed previously) have all contributed to Peterborough's transition. It has been the job of the development corporation to bring all these assets into play and to take

advantage of Peterborough's natural situation.

In the 16 years since building began, the corporation has spent about £300m building homes, acquiring land, constructing speculative factories and offices and putting essential infrastructure in place. About half of this has been recouped from the private sector.

The corporation says its role has been to act as a catalyst: to use its wide planning and compulsory purchase powers and access to public sector funds, to smooth the way for industry and commerce.

The power and ability to acquire land means it has been able to offer companies, wishing to move to the area, a wide choice of sites. It has also had the flexibility to provide new premises when companies have outgrown their works.

Mr Kenneth Hutton, its general manager, says the corporation has been given strong support by all the major local political parties — it was a bipartisan approach from Labour and Conservative councillors that persuaded the then Ministry of Housing to designate the city a new town in the first place.

The corporation says the vitality of the city is due to its ability to develop the kind



of partnership between industry, civic leaders, technical colleges and private developers that Mrs Thatcher would like to see established in inner cities.

The fact is that the new town programme has been backed by large public sector budgets. It is also much easier to operate in a city like Peterborough, than it is on parts, of say, Merseyside.

Whatever the reasons for Peterborough's success, it is clearly on the map. A drive up the A1, now plainly sign-posted, leaves the motorist in no doubt as to where the city is — and where it is heading.

Shopping centre acts as magnet

THE SINGLE most important development in Peterborough during the city's rapid expansion over the past quarter of a century has been the construction of the award-winning Queensgate shopping centre, on 17 acres of prime city centre land.

It was opened in 1982, and has given a substantial boost to shopping in Peterborough and provided the city with a commercial heart that it had previously lacked.

One manager of a leading chain store says that trade has doubled since he moved into Queensgate four years ago. The £25m development by the Development Corporation and jointly financed with Norwich Union, has brought shoppers from as far away as Kings Lynn and Huntingdon.

"Hardly a week goes by when we do not deliver to either of these towns," says Peter O'Ryan, managing director of John Lewis's Peterborough store, one of the anchor tenants of the Queensgate centre.

Previously, trade had gone the other way, with many inhabitants making regular trips to places like Leicester for their shopping. In 1983, Queensgate was justifiably named the best new covered shopping centre in Europe by the International Council of Shopping Centres.

The development corporation, however, says the success of the centre must be measured in terms other than just money in the tills. Its attitude to property development is that it should be individually successful but, ideally, should also contribute to a master plan to make the city a more attractive and desirable place to live and work in.

By using its wide planning and compulsory purchase powers, the corporation is able to piece together development sites in a way that would be impossible for a private developer. It sees itself as somebody who "primes the pump," rather than as a mainstream property developer and investor. It has, however, carried out a number of speculative office and industrial developments for sale and rent to the private sector.

The effect of the corporation's policies has been to create an orderly property market where

supply has, to an extent, been controlled, with the aim that it should bob gently ahead of demand.

One of the successes of Peterborough's expansion has been that premises have been available whenever companies have thought about coming to the area. This has meant that the property market, in some senses, has been artificially insulated from the national cycle of supply and demand.

A table of Peterborough office rents, produced by estate agents Dickens Watts and Dade, shows a gently rising trend from 1968 to 1986, with none of the sharp fluctuations that has punctuated the office market nationally. Growth has mostly been steady if unspectacular.

Property

ANDREW TAYLOR

In the last 18 months, office rents have risen from around £5.50 a sq ft to a peak of £8.75 a sq ft, even though there is space still available in the city centre. Small office suites are proving particularly popular.

An important new venture, and a sign that the property market is maturing, is Capital and Counties' recent decision to build a high quality campus-style office and high technology business park on the western outskirts of the city.

It has acquired 21 acres of land from the development corporation, and plans to start phase one of the development, to provide a total of 21,000 sq ft of office space, to be completed by May 1987.

The development marks a new phase for Peterborough with a property company of the stature of Capital and Counties prepared to undertake such a major strategic investment.

On the industrial front, there are still plenty of sites and premises available, thanks to the corporation's advance factory programme, which has built more than 5m sq ft of factory and warehouse space in the past 16 years.

It has been a long haul, but the corporation's work is now nearing completion.

Since 1971, over 360 companies have moved to Peterborough.

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Peterborough offers an outstanding choice of housing. Schools are first class and people here enjoy unrivalled sporting and recreational opportunities. Among these are an indoor tennis and badminton centre, a 1000-metre rowing course, a huge ice-skating rink and three golf courses.

Peterborough is just 50 minutes by train (and 78 miles up the A1) from London. It has excellent connections with the Midlands, the North, and the expanding East Coast ports.

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PETERBOROUGH 2

Fast-growing rival to the M4 corridor

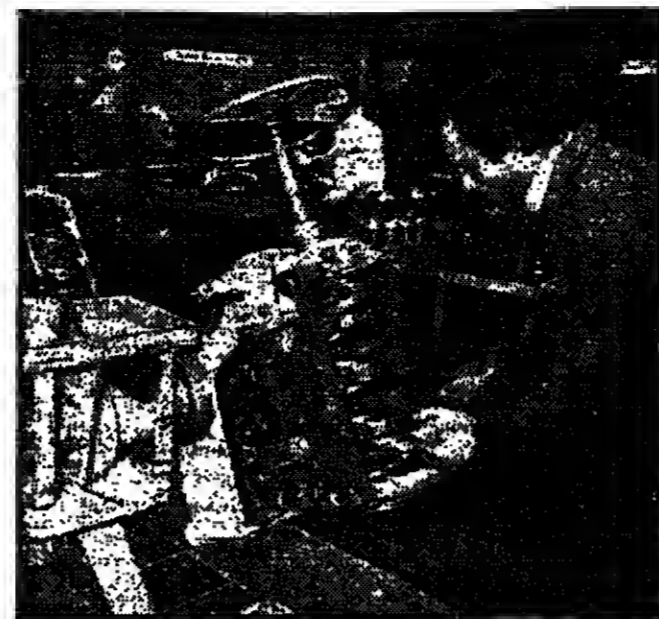
Technology
ARTHUR SMITH

EVERY LOCAL authority in Britain seeking new employment makes a pitch for the high-tech industries. So Mr Bob Young, an economist and planner by background, currently Employment Development Officer for Peterborough Development Corporation, takes a hard-headed view of prospects.

He points to the potential of the "Cambridgeshire corridor" — the 34-mile stretch alongside the A1 from Peterborough New Town in the north, to Cambridge in the south. The university town is setting the pace in spawning new firms involved in micro-electronics, bio-technology and computers. Peterborough offers the land, buildings and environment for expansion.

Mr Young argues that Peterborough is beginning to make the breakthrough with high-tech firms, and that all the elements are in place for Cambridgeshire to offer an alternative to the M4 growth corridor. But he is anxious to focus upon what has already happened on the ground, and stresses that new technology is just as relevant to manufacturing companies as to firms considered to be in the more glamorous sectors.

Mr Young is secretary of a "unique body," the East of England Technology User Group — known locally as EETUG. It sprang from awareness seminars, started more



The 4-cylinder engine production line at Perkins Engines plant

than three years ago by the Department of Trade and Industry, to introduce companies to the mysteries of computer-aided design, manufacture and related disciplines.

The initiative generated so much interest that the development corporation sponsored EETUG to act as a catalyst and forum of information, to encourage local companies to swap ideas about how to keep abreast of new developments.

The body has gained a momentum of its own, and with

a membership of around 60 companies meets monthly, usually at one of the group factories where representatives of manufacturing firms can discuss common problems.

The size of company ranges from the two-man business up to Peterborough's biggest employer, Perkins Engines, with a local labour force of more than 5,000. Products span the spectrum from the basic through to advanced micro-chip technology.

Mr Young explains that the

aim was to use the expertise of Peterborough companies, traditionally with a bias towards manufacture and production, with that of Cambridge firms more often oriented to research and new products.

He concedes that the term "technology user group" is somewhat vague, but argues that the reciprocal exchange of information between companies must be wide-ranging. One firm had benefited recently by copying the system of automated guided vehicles already introduced by Perkins Engines.

But, for another small company, the use of a micro-processor might prove a substantial investment. "Why experiment and take an unnecessary risk when you can talk to a local businessman who has already gone through the teething troubles?"

Mr Young sees his role as ensuring existing companies in the city have "access to the latest information, technology and management systems to achieve competitiveness and basis for future growth." Peterborough's success in recent years, in diversifying the local economy, must mean that any employment rise is likely to come increasingly from indigenous growth rather than from attracting new companies at a time when there is so little mobile industry.

Last year marked a reversal of the trend which has seen a great many redundancies in traditional local industries. Around half the net gain of approaching 1800 jobs came from within the city.

Such progress has not dampened Peterborough's en-

thusiasm to attract the new growth companies. The private sector is offering speculative small factory units, built specifically for high technology firms. Indeed, Peterborough argues that it offers something akin to a science park environment situated as it is almost equidistant from the universities of Leicester, Loughborough and Cambridge.

Peterborough, 50 minutes by rail from London, claims good communications and competitively priced premises and housing. The package has proved sufficient to attract a range of companies, to which technological advance is a priority.

Technet Electronics (TEL), manufacturing prototype circuit boards used in computers and instrumentation, in its first year pushed turnover to £300,000—10 times the level forecast. It has moved to new premises and quadrupled the labour force to 22.

IVS started in a small office in Peterborough in 1983, developing a computer-aided draughting system used in draw-

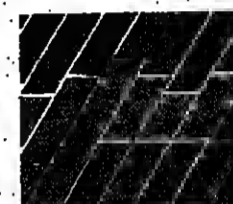
ing offices. The company hopes nearly to double its workforce to 23 by the end of the current financial year.

But it is not just the newcomers. Hotpoint, the domestic appliance subsidiary of GEC, which employs more than 2,000 at its Peterborough head-quarters, has just invested in a major computer-aided design facility. And other companies investing in technology include such well-known names as Baker Perkins, Perkins Engines, Cross-field Electronics, Acco and United Technologies.

Mr Young says the constant factor that emerges from meetings of EETUG is the value of Peterborough's established skilled engineering workforce. "People here have shown the flexibility to adjust to the new skills and the opportunities offered by the computer."

Mr Young maintains the Peterborough experience has demonstrated the importance of investment in computer-aided design and manufacturing systems.

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Peterborough Regional College: responding to new training needs

Training geared to local industry

Regional College
ANDREW TAYLOR

THE INCREASE in the number and variety of training courses offered by Peterborough Regional College reflects the rapid changes that have taken place in the nature and scale of the city's industrial and commercial base over 16 years.

Since 1970 more than 350 concerns have located or started

up in the city. There has also been a 45 per cent increase in the number of jobs provided. The influx of new industries and professions into the area has meant that the college has had to respond to new training needs and expand its base away from its traditional links with some of the older local engineering interest.

Mr Colin Saunders, assistant principal at the college, says: "Some of these industries moved into decline, agricultural equipment manufacture, for example. Production tech-

niques have also become much more sophisticated with companies using robotics and computer-aided design and manufacture (CAD/CAM).

"Our training course reflects many of these changes. The number of students requiring a basic engineering course has fallen dramatically while there is increasing demand for CAD/CAM courses from local companies like Baker Perkins, United Technologies and Hot Point."

Baker Perkins is one of the pioneers of CAD/CAM and has worked closely with the college in designing courses for industry.

The college is proud of the close links it has forged with local companies. It currently houses around 8,000 students of whom just over 1,000 are full-time. The bulk of the remainder, about 6,000, are sponsored by local industry and commerce.

As a result about 20 per cent of the college's £5m annual budget is generated from the fees it receives from companies and also from government grants for its training courses.

Its co-operation with local concerns extends beyond the provision of training courses. It recently organised an exhibition at which companies put on show some of the wide range of equipment and components used to manufacture their products.

"The object was to allow local manufacturers and suppliers to compare quality and price with their own products and to see if they could better the terms offered and win orders that might otherwise have been going out of the area," says Mr Saunders.

The college is forging other links with local industry through the local collaborative projects programme funded by the Department of Education and the Manpower Services Commission.

Under this scheme industry and colleges work closely to investigate and design courses to meet specific local training needs.

Peterborough has collaborated with the catering manager at the locally-based Mollins group (manufacturers of cigarette making equipment) to provide training courses for the catering and hotel industry.

The college is currently working with a number of leading companies in the building industry to design training courses for the construction and maintenance of timber-framed houses. As part of the work two timber-framed houses have been erected by students and staff in the college grounds.

"Builders concerned by the

bad press that timber-framed construction has been getting have approached us to see if we can devise training courses for them," says Mr Saunders. "They say that the problems have not been due to the building method but to lack of experience and the failure to carry out work correctly."

As well as its in-house courses the college runs residential and open courses whereby students who live and work too far away to attend lectures are sent a comprehensive package of notes and videotapes of courses.

The college is also prepared to send lecturers to company premises to teach individual employees a foreign language. "If we have a sales director who wants to learn Arabic in his office we will arrange the tuition," says Mr Saunders.

"Although the face of the city has changed dramatically over the last two decades our aim has remained the same: to satisfy the training needs of local companies whatever their requirements," he adds.

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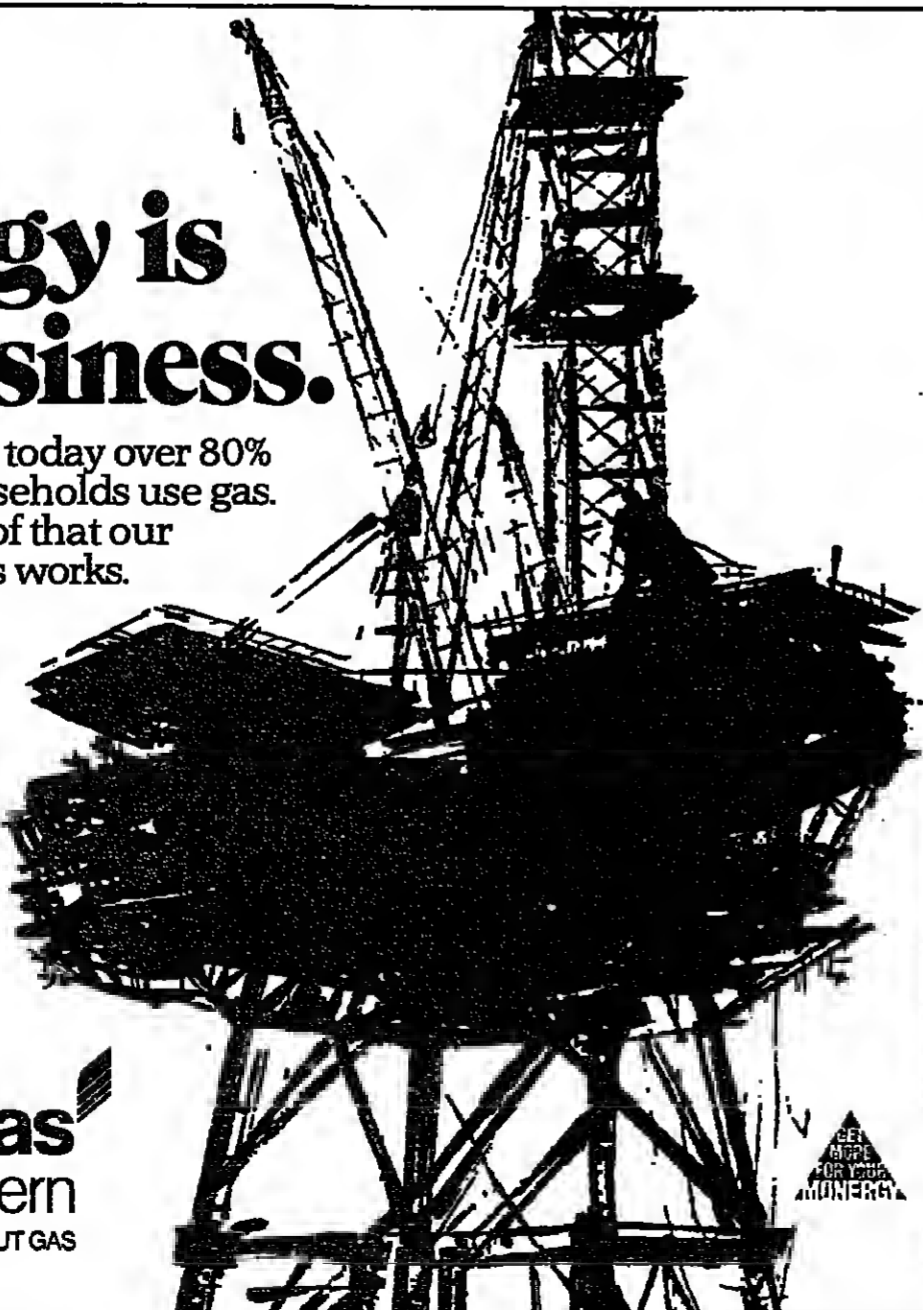
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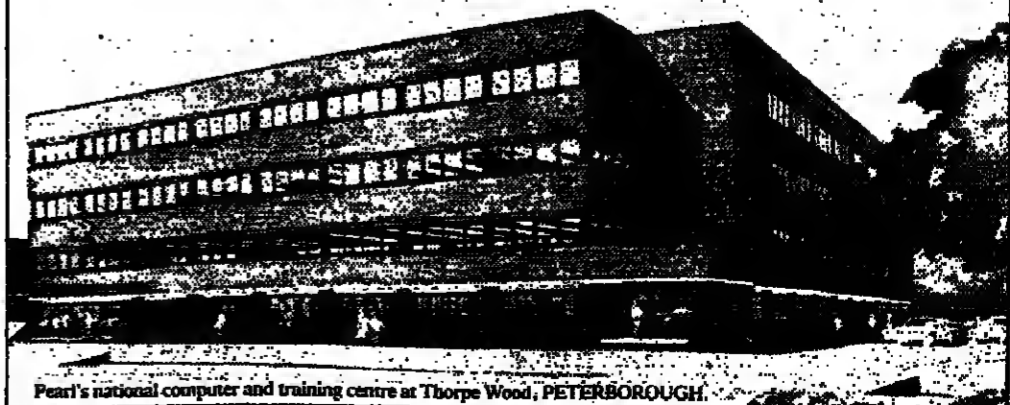
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PETERBOROUGH 3



World Speed Skating Championships at the East of England ice rink

Wide catchment area

"TO MANY people Peterborough is merely a place they might have passed through on the way to somewhere else. We have to make them stop and see what the city has to offer," says the tourism officer, Mr Peter Ross.

The Peterborough Tourism Council, a joint marketing organisation formed two years ago by the Development Corporation, City Council and local business, already claims some success.

Mr Ross points to increased hotel occupancy at weekends and a 50 per cent rise in the number of coaches parking in the city. An opinion poll of city centre shoppers conducted this month showed nearly half were visitors from outside compared with below one-third in a similar survey 12 months ago.

Tourism, "as potentially the biggest single industry in the country and a key creator of future jobs," has a lot to offer Peterborough, says Mr Ross. "We already know that our cathedral is the most under-visited in the country."

The winding down of the Development Corporation over the next 21 years will confront the city with the problem of how to promote itself. For nearly two decades the corporation has mounted the advertising and marketing drive that has seen the city grow from 86,000 people to around 130,000.

The City Council is likely to see the promotion of tourism and Peterborough's sport, leisure and entertainment as an important element in its future economic initiatives.

Mr Ross has begun a programme of market research supported by a 12-strong Manpower Services Commission team. He points to the wide catchment area, with the borough astride the important A1 North-South route linking London, York, Newcastle and Edinburgh and mid-way between the big cities of the East and West Midlands and the expanding east coast ports. Within easy reach of the Fens, the Norfolk coast and the Broads, Peterborough is only a 40-minute drive from the university city of Cambridge. Magnificent churches and great houses abound, Burgley, with its gardens landscaped by

Capability Brown and home of the famous horse trials, is 10 miles away at Stamford. The East of England Agricultural Show, which attracts more than 150,000 visitors each July, serves to underline the rural environment enjoyed by the city.

The accommodation offered in the traditional coaching inns of the area has been supplemented by new developments. Peterborough itself claims more than 400 hotel rooms, mostly of two-star or three-star quality.

Continuous expansion of the city has put strain on room space for Monday to Thursday business use. The rise in tourism is now increasing weekend occupancy and developers are showing interest in new projects.

A number of sites have been identified for hotel use and one close to the East of England showground is attracting particular attention from the big groups.

Mr Tony De Marco, a local developer, has already announced plans for a 130-room hotel on Peterborough's river embankment. The three-acre site adjacent to his Tropicana night club includes provision for restaurant and conference facilities.

Whereas in the early days of expansion the Development Corporation had to give the lead, there is now no lack of private sector interest in sporting and leisure projects.

The city claims that it probably enjoys the widest range of new sports and recreation facilities of regional and national standard in the country. It points to an ice rink, a residential tennis college, three golf courses, a rowing and canoeing centre, snooker and billiard halls, multi-purpose sports centres and lakes for water events at its Ferry Meadows country park.

Peterborough is also proud of its ability to stage national sporting championships and events such as BBC Television's Superstars programme and the world billiards championship. One of the men who has made

such facilities possible is Mr Dennis Adams, a local architect and developer who opened the East of England ice rink in 1981. Within three years it was the venue of the first world championship on ice seen in Britain for more than 30 years.

Fittingly, the event was short-track speed skating for centuries a traditional winter sport on the frozen Fens.

"My whole life centres around Peterborough," says Mr Adams, who identified the demand for an ice rink in the 1970s. He followed the success of that venture with the building of an international tennis and badminton complex, a hotel, billiard and snooker halls and a health centre.

"Peterborough now enjoys sports facilities second to none," Mr Adams enthuses. He sold a 75 per cent stake in his own private company 15 months ago to brewers Greene King. Among current projects handled from Peterborough is the Wales National Ice Rink, scheduled to open in Cardiff by the end of this year.

Another UK sporting first was the opening of an indoor cricket stadium. Mr David Nore, an Australian entrepreneur, converted a factory at Woodston to house six synthetic pitches, electronic scoreboards and facilities for spectators.

Some 200 local teams had been formed to compete in leagues even before the opening of the stadium last year. Indoor cricket is described as "a scaled down speeded-up version of the traditional game." A match between two eight-side teams lasts 90 minutes, with each batsman facing the number of deliveries. Runs are forfeited for being bowled or caught.

Commercial ventures to take advantage of Peterborough's natural assets and to attract the tourists continue to come forward. There are plans to build a new Valley steam railway, with its collection of engines, rolling stock and transport vehicles from all round the world.

A neolithic floating village in the Fens, currently the subject of an archaeological dig, is also seen as a potential tourist attraction.

Profile:
THERMAL SECURITIES

A high safety factor

BURGLARY, ARMED robbery and attacks on staff are just some of the reasons why John Morris, the outspoken chairman of the privately-owned Thermal Securities, moved his £80m-a-year sales Therm-A-Stor double glazing business, from West London to Peterborough.

He claims that, while his company was operating in Perivale, there were three armed robberies, more than 70 burglaries and four arson attacks while the drugs squad and immigration authorities were frequent visitors to the plant.

"The area was awful," he says. "Staff were frequently attacked on their way to work. It was extremely difficult to recruit new staff of the calibre we wanted. But we would have wanted to move anyway."

"I suppose it was because conditions in Peterborough were the complete opposite of what we had been used to that we decided to come here."

The company, which claims to be Europe's largest private manufacturer of double glazing and safety glass, has grown rapidly, like many others which have relocated to Peterborough. It is now housed in a modern 150,000 sq ft factory, compared with the 40,000 sq ft plant unit it first occupied when it moved to Peterborough in 1979.

Mr Morris estimates that it cost the company £7m to complete the move from London. He would not want to repeat the experience, but says that the money has been well spent. "It was obviously very important to us to move to an area with good communications to the rest of the country, and with quality premises available at the right kind of price. Just as important was the quality of the environment — particularly after what we were used to."

Andrew Taylor

Profile:

LLOYD'S LIFE ASSURANCE

Relocation proves painless

LLOYD'S LIFE Assurance looked at a number of towns and cities before it decided to relocate its life assurance business to Peterborough.

Lloyd's Life, shortly to be renamed Royal Heritage, after its takeover by Royal Insurance, was formed in 1971, but after several office moves found it had outgrown its offices in London. To find new premises in the capital, even if they had been available, would have been too expensive for the company.

"We were paying around £10 a square foot rent — £20 a square foot including rates and service charges — for rather inferior offices in the City of London, so we decided to move," says Mr David Collett, director and company secretary of Lloyd's Life.

"There was no way we could have afforded to buy our own building in London, as we have done in Peterborough. Moreover, we could make important savings in labour costs by moving out of the capital."

Lloyd's Life estimates that it is currently saving about £2m a year on its wages bill by relocating. Property savings are harder to determine, as the company has been able to buy its headquarters rather than rent as it was in London. Nonetheless, Mr Collett estimates that it would have cost the company another £1m a year to have rented similar premises in London.

Pay differentials, between workers brought with the company from London and those hired locally, are to be eroded gradually over the next couple of years, says Mr Collett.

He regards it as a mark of the success of the relocation that, of the 80 staff who accompanied Lloyd's Life from London 20 months ago, only one person has asked to be transferred back to the capital. "We looked at several different centres before deciding on Peterborough. Eventually it came down to a shortlist of three: Peterborough, Huntingdon and Derby."

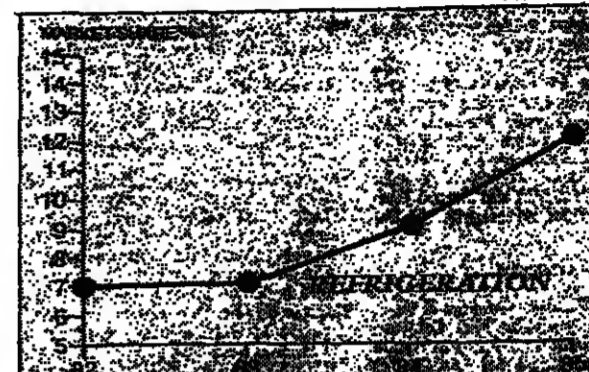
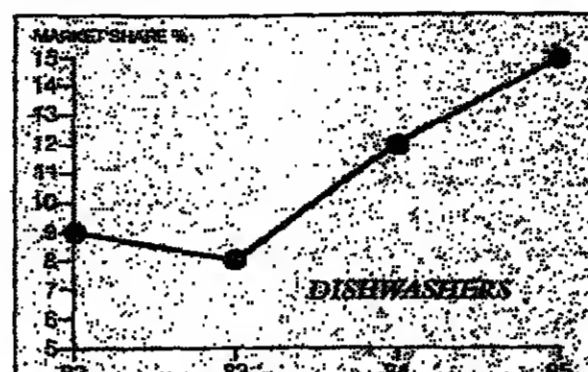
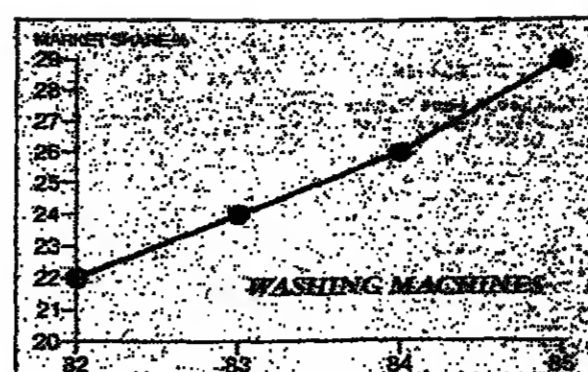
"We decided that Huntingdon had too small a labour market to draw from, while Derby was really too far away from London where we retain a small presence."

The development corporation was able to offer the company a 50,000 sq ft modern office block on a 34-acre site. The availability of development land in Peterborough means that there are enough sites available should the company need to expand.

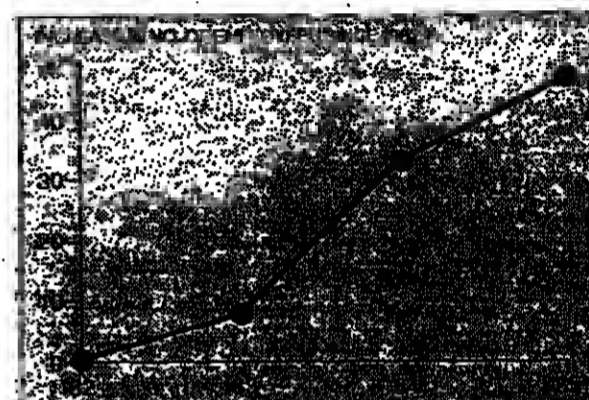
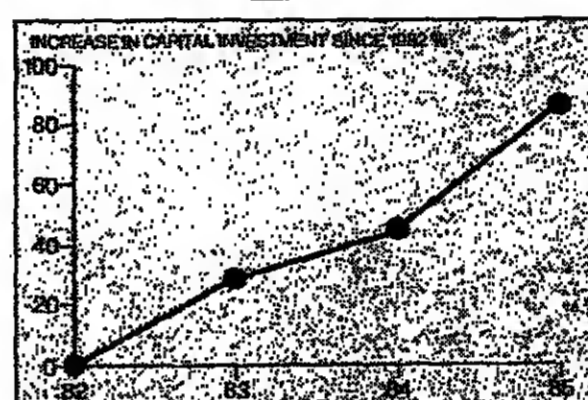
Since Lloyd's Life moved to the city, its workforce has more than doubled from just under 200 to around 400.

"Peterborough has more than satisfied the investment criteria identified when we relocated here," says Mr Collett.

A. T.



Hotpoint likes the effect



So does Peterborough

Hotpoint is one of Peterborough's oldest companies — first located there back in 1940. Today it is one of the most successful, holding leading positions in home laundry, dishwashers and refrigeration, showing an increasing brand share in every one of its markets. It's one of the largest employers in Peterborough, and has created over 600 new jobs there in the last three years.

And as demand and output rise, it is continuing to increase its capital investment — to the benefit of the economy, the work-force and the town itself. So the Peterborough effect is good for Hotpoint. And the Hotpoint effect is good for Peterborough.

Hotpoint Ltd, Gidea Road, Peterborough. Tel: 0733 63963.

Profile: PACT INTERNATIONAL

When expansion is crucial

IN 1977, Pact International, accompanied by its Panda logo, came to Peterborough to establish a new business, supplying electrical appliances and components to the retail trade. From two 10,000 sq ft factories, employing 20 people, the company has grown rapidly. In the year to March 31, 1985, sales were £11.7m, earning pre-tax profits of £272,000. Last year's pre-tax profits are expected to have topped £1m. Customers include B & Q, F&DS and Debenhams as well as 10,000 small independent retailers.

So why did the company, a subsidiary of Electromechanics, the electronics equipment supplier, decide to come to Peterborough?

Mr Alan Cavanagh, managing director of Pact, says: "We did not want to burden a new company with the kind of property and labour costs that are found in London, so we decided to look further afield."

It was also important that there was room to expand, wherever the company moved.

sq ft purpose-built warehouse, to which a 50,000 sq ft extension has been added. Employment has risen to more than 200, compared with the original 20 taken on nine years ago.

Crucially, the development corporation was able to give the assurances the company needed to ensure that land would be available for expansion.

"The result has been that we have been able to move our business with the minimum amount of disruption," says Mr Cavanagh.

"Peterborough was able to offer the right kind of premises at an acceptable price. It had good communications, with London no more than a 50-minute train ride away; an excellent and plentiful supply of labour; good housing and an attractive environment — an important recruiting tool if we are to attract senior staff from outside the area."

When the company first moved to the city, Mr Cavanagh commuted daily from Luton: "I was unsure that I wanted to move my family to Peter-

borough, so I know how important it is to be able to offer people a first-class environment."

"I have now bought a two-thirds-of-an-acre plot of land and built my own home here. My family are very happy, and it would be a great wrench for all of us to leave Peterborough."

Communications is very important to a group which distributes products ranging from dishwashers to audio equipment from John O'Grady's to Lands' End.

"Peterborough is very well located. We are adjacent to the A1, which provides good access to the north and south of the country. The route to the Midlands is not brilliant, but will be improved when the new A1(M) access is finished," says Mr Cavanagh.

"We have been delighted with the response we have had from the development corporation and the local authority, both of whom have worked hard to help us make a success of the business."

A. T.

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THE ARTS

Arts Week

F S Su M Tu W Th
25 26 27 28 29 30 1

Opera and Ballet

WEST GERMANY

Berlin, Deutsche Oper: Zar und Zimmermann is a well done repertoire performance. Madame Butterfly has Raina Kabavanska brilliant as Cho Cho-San. Der fliegende Holländer has Kaja Borris and Victor von Halem in the main parts. Also Die lustigen Weiber von Windsor and Die Zauberflöte.

Hamburg, Staatsoper: This week's highlight is Un ballo in maschera, sung in Italian, starring Rosalind Plowright, Franco Bonisoli and Bernd Weikl. Lucia Alberti is a splendid Violetta in La Traviata. Manon Lescaut is respectable with Rosalind Plowright and Franco Bonisoli. La Bohème rounds off the week.

LONDON

Royal Opera, Covent Garden: A week of popular revivals: Neil Schicoff, Samuel Ramey and Nelly Miricioiu lead a strong cast for Les Contes d'Hoffmann, conducted by Charles Dutoit. Il barbiere di Siviglia ends its fourth revival of the season with Gino Quilico as its bright spot. Tosca returns with Giuseppe Giacomini and Natalia Troitskaya. Michael Schwaninger conducts (240 006).

English National Opera, Coliseum: The British stage premiere of Buso-

ni's Doctor Faust dominates the repertoire. Thomas Allen sings the title role. Graham Clark is Mephistopheles. The ill-starred Merry Widow and the imaginative but indifferently sung Bartered Bride fill in the gaps. (636 3161).

PARIS

La Cenerentola. Donato Renzetti conducts the London Sinfonietta opera orchestra. TMP-Châtelet (4233 4444).

Salome, co-produced with the Zurich Opera, conducted by Kent Nagano with Edith Moser in the title role, alternates with Maurice Béjart's Solitaire at the Paris Opéra (4286 5022).

La Fille du Régiment is conducted in a new production by Bruno Campanella/John Burdett with Marie Saur with June Anderson/Alda Ferrarini and the role of Tonio by Alfredo Kraus/Vincenzo La Scala. Opéra Comique (4298 0611).

ITALY

Milan: Teatro alla Scala: Franco Zeffirelli's production of Swan Lake, with choreography by Rosella Hightower. Michel Sason conducts and the cast includes Carla Fracci (alternating with Anna Razzi), Dominique Khaloui and Jean Charles Gil. (8 91 26).

Venice: Teatro la Fenice: Mozart's La Clemenza di Tito directed by Pier Luigi Pizzi, who also designed the scenery and costumes. The cast includes Margarita Zimmermann, Curtis Rayan, Adelina Scarsabelli and Susanna Anselmi (71 01 61).

Naples: Teatro San Carlo: Don Quixotte by Jules Massenet (sung in French), with Ruggiero Raimondi, Martha Senn, Michel Trempoint and Aldo Bramante, conducted by Yan Pascal Tortelier. (41 83 89).

Turin: Teatro Regio: Turandot, conducted by Zoltan Peskocand, directed by Grischa Asagoroff, with scenery by Josef Svoboda. In the cast are Eva Marton, Yoko Watanabe Grimaldi, Nicola Martinucci and Alfredo Zancano. (548 000).

Florence: Teatro Comunale: The 49th Maggio Musicale Fiorentino opens with Luciano Berio's third Azione Musicale conducted by the composer, in Luis Pasqual's production (given at the Paris Opéra last year). (277 9236).

NETHERLANDS

The Nederlands Dans Theater with Jerome Robbins' Afternoon of a Faun (Debussy), and Jiri Kylian's L'Enfant et les sortilèges (Ravel) and Overgrown path (Janáček). Mon to Wed in Amsterdam, Stedelijk Schouwburg. (24 23 11). Thur in Nijmegen, Schouwburg. (22 11 00).

Maastricht, Schouwburg: The Moscow Ballet with The Bluebird in the Sax choreography (Thur). (21 33 00).

Amsterdam, Meisvaart. The Clwyd Youth Dance Group from Wales (Tue). (10 73 89).

VIENNA

Staatsoper: Maria Stuarda conducted by Fischer with Baliza Gruberova. Manon conducted by Fischer. Simon Boccanegra conducted by Graf with Corubas. Die Entführung aus dem Serail. (53 24 26 55).

Volkstheater: My Fair Lady, conducted by Bauer-Thueser; Schwanda der Dodelschneider; Der Zarewitsch; Der Bettelstudent (53 24 26 57).

NEW YORK

New York City Ballet (New York State): Still largely reliant on the repertoire developed by George Balanchine, the company's month-long programme includes Mozartiana, Stars and Stripes and Donizetti Variations. Ends June 22. Lincoln Center (670 5570).

Metropolitan Opera (Opera House): The final week of the season features Sir Peter Hall's production of Carmen, conducted by James Levine; L'italiana in Algeri, conducted by James Levine; Don Carlo and Cavalleria Rusticana. (71 01 61).

Lincoln Center (382 6000).

Theatre

NEW YORK

Cats (Winter Garden): Still a sellout. Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically fine, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 8282).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off to Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (877 9020).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1311).

A Chorus Line (Sbnbert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 8200).

La Cage aux Folles (Palace): With some tenuous Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2826).

CHICAGO

Happy Days (Goodman): The Goodman company celebrates Samuel Beckett's 80th birthday with the playwright's bleak view of the world, interpreted by the Romanian-born director, Andrei Belgrader. Ends May 11. (443 3800).

Pump Boys and Dinettes (Apollo): Fascinating look at country music and down-home country life with a

good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (935 6100).

Cats (Sbnbert): The national tour has stalled here while the T. S. Eliot lyrics and Andrew Lloyd Webber tunes take extra time with an extended run. Ends May 31. (377 1710).

TOKYO

West Side Story: The Japanese version of Shiki Company, Japan's leading musical production company, best-known for their Japanese Cats. Directed by Keita Asari. Nissei Gekijo, Hibiya. (503 3111; 320 4000).

Fiddler on the Roof: Directed and choreographed by Sammy Bayes, starring Hisaya Morishige as Tevye. This is the acclaimed Japanese production, which with annual revivals makes it Japan's most-played musical. The Japanese cast captures the vivacity of the original better than do most Westerners. Imperial Theatre, Hibiya, close to most hotels. (213 7221).

Nobu Performance: At most of Tokyo's Nobu theatres at weekends. Details in Tokyo English dailies and Tour Companion at major hotels. Two handy little books, A Guide to Nobu and Guide to Kyogen in most hotel bookstores and at some theatres gives summaries of plots.

Lead Me A Tenor (Globe): Fresh and inventive operatic farce by new American author Ken Ludwig set in Cleveland, Ohio in 1934. Dennis Lawson and Jan Francis lead an energetic company in mistaken identity romp, while Verdi's Otello carries on regardless. (437 1592).

Roman Adkins (Shakespeare): New revue starring rubber-limbed clown with a strong line in scatological satire and rude sketches, many of them reflecting British classroom gymnastics. (379 5309).

Blithe Spirit (Vaudeville): Excellent revival of Noel Coward's smart comedy about a novelist harassed by his



Joanna Lumley in Blithe Spirit at London's Vaudeville theatre

Alastair Muir

second wife and haunted by his first. Peter's Old Times owes a lot to this play, well directed by Peter Farago, acted without undue Cowardian reverence by Simon Cadell, Joanna Lumley and the debonair beautiful Jane Asher. (838 9087).

When We Are Married (Whitehall): Matchless comic playing from an all star cast in Priestley's comic war-house about silver wedding anniversaries undermined by an inconvenient revelation. Bill Fraser is a drunken Falstaffian photographer and the couples are led by Timothy West and Prunella Scales. The 1930 theatre has been beautifully renovated. (930 7785).

Café Puccini (Wyndham's): Puccini

compilation show by Robin Ray that deteriorates rapidly from a good idea - writers singing hits back at the maestro customer - to a routine potted biography with trying new lyrics and uneven singing. (838 9020).

The Scarlet Pimpernel (Her Majesty's): Donald Sinden in resplendent plumy-voiced form as Baroness Orczy's one-man resistance movement to the French Revolution. Opera director: Nicholas Hytner's efficient and sparkling production has smoke, tumble, rat stew and rolling heads. (930 4025).

As You Like It (Barbican): Much improved since last year's Shakespeare upon-Avon season, Adrian Noble's Jossely Edwardian production now

emerges as a secret-garden adventure where Rosalind (Juliet Stevenson) has the sisterly devotion of Celina (Fiona Shaw) threatened by Orlando. (Hilton). A superb Jacques from Alan Rickman. The RSC Barbican repertoire also includes a fine Othello with Ben Kingsley and, in The Pit, Christopher Hampton's absolutely breathtaking, unmissable version of Les Liaisons Dangereuses (828 8795).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blake-more's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's roller-skating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Black-lick's tap-dancing extravaganza has been rapturously received. (838 1088).

Gays and Dolls (Prince of Wales): The 1982 National Theatre production. Richard Eyre's production and John Guter's affectionately lavish design complement this most joyful and liberate of musicals, a fitting tribute to the recently deceased collaborator. (930 8681).

Les Misérables (Palace): Notably well sung and spectacularly produced rock opera from the lavishly cast and cast team of Trevor Nunn, designer John Napier and lighting man David Harey, Colin Wilkinson superb as Jean Valjean. A melodramatic distillation of Hugo, and none the worse for that. The French score is rousing melodic, with serviceable new lyrics from Herbert Kretzmer. (437 8834).

Music

PARIS

Gwyneth Jones, soprano, Geoffrey Parsons, piano (Mon). TMP-Châtelet (4233 4444).

Orchestre de Paris conducted by Kent Nagano: Messiaen's Turangalila Symphony (Mon). Salle Pleyel (4581 0630).

Orchestre National de France, conducted by Rudolf Barshai: Alceste, Weissberg, piano: Beethoven, Brahms (Mon). Théâtre des Champs Elysées (423 4777).

Ensemble Orchestral de Paris, conducted by Peter Maag, Nicanor Zabaleta, harp: Mozart, Haydn, Debussy (Tue). Salle Pleyel (4581 0630).

David Abramowitz, piano: Haydn, Schubert, Hensant, Debussy (Tue). Théâtre des Champs Elysées, Grande Salle (423 4777).

Trio a Cordes de Paris, (Tue). Radio France (424 1516).

ITALY

Rome: Teatro Olimpico (Piazza Ghetto de Palazzo): Art concert from the Berlin Philharmonic, Beethoven and Schubert (Wed). (393 5309).

Rome: Auditorium in Via della Conciliazione: Bartók, Theod. Adam, Schubert, Webern and Cezna (Mon and Tue). (654 1044).

NETHERLANDS

Rotterdam, De Doelen, Organ concert by Arto Kettner, with the Netherlands Sinfonietta. Caballero, Buzelund, Glazunov, Kettner (Wed). Concert performance of Gluck's Orpheus and Eurydice by the Tonkunst Choir, with the Radio Philharmonic Orchestra under Yoav Talmi, and soloists Jord van Nes, Nellie van de Sijpe and Saskia Gercken (Thur). (14 29 11).

Utrecht, Vredenburg: James Conlon conducting the Rotterdam Philharmonic with Joseph Kalkstein, piano. Orff, Mozart, Brahms (Thur). Royal Hall, Famine, guitar concert by Juan Martín (Wed). The Schönberg Ensemble under Reinbert de Leeuw with new works by Lapan, De Leeuw and Van Vlijmen (Thur). (81 45 44).

Amsterdam, Concertgebouw: Royal Hall: violin recital by Vera Beths, accompanied by Stanley Hoogland (Tue). (71 83 45).

Nijmegen, Vredenburg: Robert Jan Koozemans, piano. Haydn, Schumann, Chopin, Schubert, Liszt (Mon). (22 11 00).

SPAIN

Barcelona, Maria Xifredor: Beethoven, Chopin, Falla and Kalomiris. Centre Cultural de la Caixa, Pasadís de Sant Joan 108. (Tue). (501 11 04).

Barcelona: Sopran: Ileana Cotrubas accompanied by pianist Theodoros Panayiotou: Schubert, Debussy, Liszt and Wolf. Palau de la Música Catalana, Amadeo Vives (Wed). (317 99 82).

VIENNA

Mantins de Plata, guitar. Konzerthaus (Mon).

Vienna: Back Soloists conducted by Ernst Wedemann. Telemann, Vivaldi, Bach. Musikverein: Brahms, Sael (Tue).

Vienna: Symphony Orchestra conducted by Raphael Frühbeck de Burgos with Alicia de Larrocha, piano. Gluck, Schumann, R. Strauss, Stravinsky, Musikverein (Wed).

NEW YORK

New York Philharmonic (Avery Fisher Hall): Zoltan Mesta conducting. Alfred Brendel piano. Mindy Kaufman piccolo. Vivaldi, Mozart, Schönberg, Tchaikovsky (Thur). Lincoln Center (874 2424).

Carnegie Hall: American Symphony. Peter Tiboris conducting. Dimitris Scouras piano. Kodaly, Nielsen, Chopin (Wed). (567 7499).

Martin Hall (Cordoba-Brooklyn): Beverly Sussman violin recital with Stephen Lazarus piano. Brahms, Mozart, Ysaye, Janáček, Sibelius-Sams (Mon). Concord String Quartet. All Hane Werner Henze programme (Tue). Music - Rodolphe - Gérard Schwarz director. Franz Schubert, Schumann, Bright, Shostakovich, Prokofiev, Roger Sessions, Gerald Levinson (Wed). New College Singers, Peter Schubert director. Michael Skelly piano. Dodge Skelly, Lillian (Thur). 67th St. Broadway (862 8718).

Barytonide (Pulitzer Park, Leiding): Chamber music concert with Ilwun Bae violin, David Oei piano, Mozart, Beethoven, Paganini, Tchaikovsky (Thur). Brooklyn (824 4081).

WASHINGTON

National Symphony (Concert Hall): Jean-Pierre Rampal conducting/ flautist. Salieri, Mozart (Tue). Kennedy Center (254 3776).

CHICAGO

Chicago Piano Quartet (Orchestra Hall): Jennie Wagner violin, Schuler, Dvofák, Franck (Wed). (235 8111).

Chicago Symphony (Orchestra Hall): Michael Tilson Thomas conducting. Yung Uk Kim violin, Mahler, Mozart, Tchaikovsky (Thur). (235 8111).

TOKYO

Tokyo Philharmonic Orchestra, conducted by Wolfgang Bothe: Haydn, Mozart. Tokyo Bunka Kaikan (Mon). (256 9698).

Kobe, Ando: Mozart, Brahms, Otagakura Hall, near Kagurazaka subway station. (Mon). (333 2242).

NHK Symphony Orchestra, conductor: Akeo Watanabe. Grieg, Tchaikovsky, Liszt, Shostakovich. NHK Hall (Wed). (460 8111; 561 5011).

Traditional Japanese music, concert of koto (large zither), shamisen (banjo), shakuhachi (bamboo flute) by post-war Japanese composers. Japan's most important traditional music schools. National Theatre (Tue). (265 7411).

LONDON

BBC Symphony Orchestra and BBC Singers conducted by Serge Baudo (Mon) with Cynthia Buchanan, mezzo-soprano, Kim Begley, tenor, and Jules Bastin, bass. Berlioz Romeo et Juliette. Royal Festival Hall (Wed 3191).

London Symphony Orchestra conducted by James Ffrench with Jack Bryner, clarinet, John Ogdon, piano, and Ransom Wilson, flute. Bernstein, Gershwin, Copland and Stravinsky. Barbican Hall (Tue). (693 8891).

London Philharmonic Orchestra conducted by Christoph Eschenbach with Justus Franz, piano. Dvofák. Royal Festival Hall (Tue).

Hallé Orchestra conducted by Stanislaw Skrowaczewski: Mozart and Mahler. Royal Festival Hall (Wed).

London Mozart Players conducted by Jane Glover with Mayumi Fujikawa, violin. Dvofák, Mozart, Stravinsky and Haydn. Queen Elizabeth Hall (Wed). (828 3191).

London Philharmonic Orchestra conducted by Kyung-Soo Won with Dmitri Alexeev, violin. Tchaikovsky, Tchaikovsky. Barbican Hall (Wed).

Royal Philharmonic Orchestra conducted by Kurt Masur with Anne Sophie-Mutter, violin. Britten, Mozart and Tchaikovsky. Royal Festival Hall (Thur).

Continued on Page 19

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Martin Hoyle

Sothey's had fewer problems disposing of English silver. The auction totalled £413,525, with 12 per cent unsold. S. J. Phillips, the London dealer, thought a George III porringer and cover plate, and mug and cover by Thomas Fleming of London, 1776, with later items by Garrard, for £25,300, just on target.

A Victorian ivory mounted parakeet gilt silver electrolyte candle mark given by Elkington and Co in 1868 for the International Exhibition sold for £4,400.

FINANCIAL TIMES

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Friday April 25 1986

The reform of family tax

WHEN THE subject of tax reform is something obscure like deep discount bonds, it may not matter if few people are willing to master the intricacies and lively debate is confined to a handful of experts. The same cannot be said when the topic in question is matrimonial taxation. If the proposals in the Thatcher Government's Green Paper on personal tax were ever implemented (and this could not happen until after the next general election), the tax liabilities of every household in the country would be affected. There is thus a need for a wide and well-informed debate.

The Green Paper does not do as much as it might have done to stimulate informed discussion. Perhaps the origin of the difficulty lies in the fact that the Chancellor announced the conclusion of the paper a year before he published it. He said in last year's Budget speech that the Government intended to introduce a system of personal allowances which would be transferable between husband and wife. The role of the Green Paper seems to have been to assemble arguments in favour of this conclusion. It does not even mention a number of alternative reforms which might attract more support. This is important because tax reform is always a matter of choices.

Standard allowance

Transferability has attractions, most obviously for married couples. They would always have the benefit of two single allowances even when only one partner worked outside the home. At present most single-earner couples qualify only for 1½ times the single allowance. Transferability would be a way of helping families with young children, of easing the poverty trap and of eliminating the sex discrimination in the present code. However, it would not be the only or the cheapest way of achieving these objectives.

Several bodies, including the Institute for Fiscal Studies, a House of Lords Select Committee and a number of private groups, have pointed to the advantages of an alternative

reform: the introduction of fully independent taxation for individuals. This would give every adult the same standard allowance (thus eliminating sex discrimination); the difference is that the allowance would not be transferable in any circumstances.

Women's groups support this option because they fear that transferability would significantly reduce married women's incentive to work. If a woman who had been at home went out to work, either she would pay tax at 30 per cent from the first pound or her husband's net-of-tax income would fall as the family's second tax allowance was progressively transferred to her. Either way the family would face a higher tax rate on her marginal earnings.

Two questions hang over the Green Paper. First, is it really consistent with the Fowler approach to social security reform? Transferable allowances aim to help certain types of family, for example those with dependent or young children. But those with low incomes and special needs can be helped most effectively with means-tested benefits. This is the approach favoured by those who argue for non-transferable allowances; the Government's proposal would spend a lot of money on middle class couples who do not need help.

The second question is whether transferable allowances should be the Government's highest priority in tax reform. The cost of the reform, assuming no losers, would be about £5bn. The Government could make a lot of progress in other directions with this much cash: for example, deep cuts in income tax rates or in national insurance contributions. The question is whether transferability represents the best use of scarce resources.

Political change in Mexico

PRESIDENT Miguel de la Madrid of Mexico has only just passed the halfway mark in his six-year mandate. Yet the struggle to select his successor has now begun following the elevation of Mr Alfredo del Mazo to the Energy Ministry.

Having proved himself as a youthful state governor, Mr del Mazo has been given the chance to make a success of his highly sensitive ministerial post. His appointment makes him a frontrunner and a credible challenger to Mr Jesus Silva Herzog, the Finance Minister, who until now has been the leading contender.

Mexico's political timetable, tightly controlled by the official Partido Revolucionario Institucional (PRI), normally allows for a lengthy period of politicking before the presidential choice is made. However, these are scarcely normal times. The political establishment would be doing a disservice to its country if the presidential race were to absorb time and energy. Far more important at this stage is the need to cope with Mexico's economic problems and to rejuvenate a moribund political system.

The Mexican economy, more than two-thirds dependent upon oil, has been one of the biggest casualties of the slide in crude prices. Loss of income from oil sales has undermined all Mexico's plans for development, leaving the country with a \$87bn foreign debt and put paid to the hope of an economic recovery this year.

President de la Madrid seems to have accepted—though not publicly—that Mexicans, through austerity, have had to bear the brunt of the oil price collapse. Side by side with belt-tightening, authorities are finally introducing measures to liberalise the economy and encourage non-oil exports.

While the move to liberalise the economy is to be welcomed, there is a strong temptation

within the PRI-run establishment to use economic reforms as a smokescreen to obscure the lack of political liberalisation. Mexico's friends should insist that liberalisation of the economy cannot take place in isolation and must be accompanied by a corresponding opening-up of the political system. At a time when throughout Latin America political systems are becoming more pluralistic, Mexico remains in the grip of the PRI which behaves as if it has a divine right to permanence in government.

In the face of economic crisis and a political challenge from an incoherent opposition, headed by the right wing National Action Party, the PRI's natural reflex has been to close ranks and become more authoritarian. On one level the PRI ensured through fair means or foul that it was not beaten in last year's state elections and is preparing to do the same again with the forthcoming elections for state governors. On another, President de la Madrid has been unable to carry out any more than surface level his campaign promise of moral renewal for Mexico. He has been made to realise that a thorough attack on corruption would involve dismantling part of the PRI's power structure.

It is unrealistic to expect the PRI to collude in an act of political suicide. But as the Presidential race begins, it can help itself by examining the manner in which people are chosen for this office. Lately the PRI has drawn on technocrats and administrators who have been brought in well up the ladder, responsible to the party machinery and the presidency, but not to the electorate. In the case of the de la Madrid Presidency, this has produced some able managers, not good politicians. The Mexican establishment needs to recover its political antennae if it is to avoid instability.

UK MERCHANT SHIPPING

Andrew Fisher explains why P & O has decided to expand in an apparently declining industry

IT CAME out of the blue, a rare piece of positive news in an industry used to defection, decline and pessimism.

Shipping, with one or other sector in crisis for more than 10 years, has become the bete noire of many bankers. The worldwide rash of bankruptcies has scared off investors and discouraged entrepreneurs.

But in a deal which in spite of market rumours took shipping and stock markets by surprise yesterday, Peninsular and Oriental Steam Navigation is to buy up all the remaining shares in Overseas Containers (OCL), one of the biggest companies in the sector, for £145m.

The nature of the deal was in character with the smooth, articulate and high-profile style of P & O's chairman, Sir Jeffrey Sterling. A non-shipper, his aggressive search for profit, rigorous insistence on financial controls, and strong belief in motivation from the top contrasts strongly with P & O's past style, which critics argued to be aristocratic, conservative and rooted in a vanishing view of Britain's place in the world.

Under Sir Jeffrey, P & O, with extensive interests in property, construction, catering and transport has decided it likes major ports of the shipping sector. Ocean Transport and Trading and British and Commonwealth Shipping have decided they do not and have reduced their fleets dramatically.

Why the difference? For one thing, P & O has declared its willingness to expand in the sector as long as profits can be earned. B & C, however, decided long ago that shipping as a whole was too costly and risky a sector in which to invest compared with opportunities in its other sectors.

Ocean, for its part, retains interests in shipping, but has gradually been moving into non-marine activities. Last year, it said it no longer thought the description of Ocean as a shipping group to be appropriate. It preferred the more mundane tag of "provider of industrial distribution services."

There has been no shortage of recent reports criticising the decline in Britain's merchant fleet, down from a peak of 50m dwt in 1975 to under 10m dwt today, and calling for action from a Government that has so far proved reluctant to intervene.

Thirty years ago, noted a report this week by a House of Lords committee, about 20 per cent of the world's fleet sailed under the UK flag. Ten years ago, it was half this. Now, it is less than 4 per cent.

But container shipping, where OCL was a pioneer in the 1960s, is one of the more cheerful spots, though freight rates have been hit hard in recent years by the rising tonnage surplus and growing competition from US and Far Eastern lines.

OCL fits Sir Jeffrey's requirements for a profitable and expanding business. It has a proper rate of return. OCL can certainly provide that. Last year, its pre-tax profits were a record £70m on turnover of £567m.

Royal Trust's linkman

Nigel Robson's role as linkman in the purchase by Royal Trust of Canada Ltd of the Financial Times has been back in the news with Dow's London merchant bank, Arbuthnot Latham, where he started as a trainee in 1949.

"It's a strange twist of fate," says Robson, whose several posts include days in the directorship of Royal Trust, where he heads the London board. He heard of Dow Chemical's readiness to sell by "keeping one's ear close to the ground" and the £18m deal duly followed.

There is no fee, alas, for Robson. "If I had been an independent adviser," he muses, "I could have claimed one per cent."

Back in 1949, Robson recalls, Arbuthnot Latham had a staff of only 40 and was heavily dominated by the Arbuthnot family. Robson started in the produce department where bankers were merchants as well as bankers, keeping track of deals in places like Mauritius, Ceylon and East Africa.

His rose through the different departments to become chairman of the bank in 1969, before leaving for Grindlays in 1975.



"Tea-shirts—sambars—cassanets—retirement villas..."

though this year is expected to see a decline.

At Ocean, however, the thrust is mostly land-based. "I'm not a wildly enthusiastic shipping chap," says Mr William Menzies-Wilson, the chairman. Both are men with non-shipper backgrounds; Sir Jeffrey is in property and Mr Menzies-Wilson in steel.

Sir Jeffrey became chairman of P & O in 1983 and succeeded in beating off a bid from Trafalgar House, owner of Cunard. He then merged his other company, Sterling Guarantees, with P & O to create a much more broadly-based group.

Like P & O, Cunard has interests in cruise shipping, including the QE2, and containers, with the Atlantic Conveyor. In the cruise sector, spending needs are high. Cunard is investing £80m to re-equip the ageing QE2, while P & O owns the \$150m Royal Princess, one of the world's newest such ships.

But these are the bright patches. Among the worst of sectors of UK shipping have been tankers and bulk carriers. The rush by owners to move out of these sectors, a trend by no means confined to the UK, accounts for much of the decline in the British fleet.

Tankers, notably VLCCs (very large crude carriers) of over 200,000 dwt, have never been the same since the 1970s oil crises. All the leading world oil groups have been selling as many as they can in the bulk cargo sector, the result of optimistic over-ordering a few years ago.

British Petroleum has found it so hard to stem its tanker losses that it has taken the drastic step of moving to foreign flags. Doosan, the South Korean agency to provide its crews.

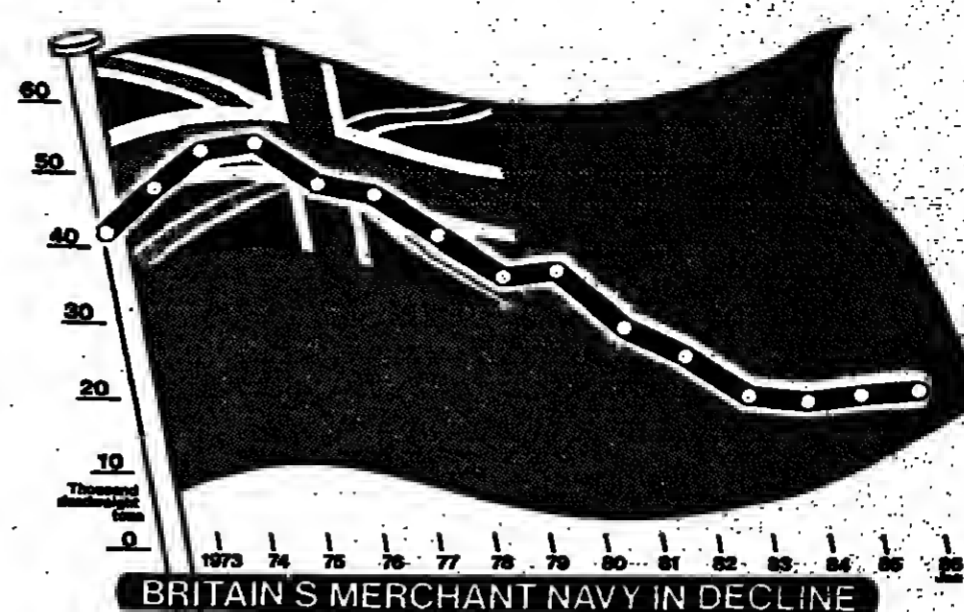
In the heyday of UK merchant shipping this would have been tantamount to commercial treason. But BP so no option, if it was to stay in the shipping business at all. Other British companies have also moved to flags of convenience, Panama and Liberia being the main ones.

Container shipping, where ships run to regular timetables like buses rather than operating like taxis in the open market, is one of the few UK sectors to actually show profits. UK owners have scored in their attention to detail, organisation, and the strength of consortia and trading links with other foreign lines.

For not only is container shipping a non-traditional part of the industry, it is really just another link in the transport chain. It is not a luxury, with ships making port calls on the same day each week, are a key element in the operation.

OCL, therefore, like its competitors, is not just a shipping company but a provider of full transport services. Evergreen of Taiwan, the world's biggest container shipowner, has also developed a wide range of activities around shipping. It has its own freight terminals, con-

A dwindling fleet looks for increased profits



MAIN UK SHIPPING COMPANIES

	P&O	OCL	Cunard	Ellerman
Crude	6	2	2	2
Containers	2	2	2	2
Tanker	2	2	2	2
Gas	2	2	2	2
Refrigerated cargo	2	2	2	2
General cargo	2	2	2	2

tainer factories, trucks and distribution services.

The price paid by P & O to increase its 47 per cent stake in OCL to full ownership values the container company at £270m. One aspect of OCL that Sir Jeffrey has had his eye on for some time is its annual cash flow of some £100m.

It has long been thought that the build-up by P & O of a 13 per cent stake in Ocean, which has 33 per cent of OCL, was really made with the container company in mind. Yesterday, as if to confirm this, it was also announced that as part of the deal, the Ocean shares were to be sold in the market.

The deal, said Mr Anthony Cooke, head of rival Ellerman Lines, in the container industry, "underlines confidence in the container industry." Ellerman, like P & O, one of the big names in UK shipping, was the subject of a management buy-out late last year.

"Sir Jeffrey is doing, on an immensely larger scale, what we did our deal," says Mr Cooke. With world trade growing, he reckoned, the tonnage surplus would eventually be absorbed, though not yet cargo flows from Asia to both the US and Europe, were growing rapidly.

Mr Kerry St Johnston, the chairman of OCL who will join the main P & O board, said the container group was seeing "very healthy flows of cargo from Asia to Europe." The fall of the dollar, to which many Asian currencies were linked, was the main reason for this.

"The question is whether it will be sustained." The industry needed a rise in freight rates, sharply down in recent years. This was starting to happen, but he said overcapacity would remain a problem.

Shipping experts expect world trade to rise by up to 5 per cent this year, adding container and other shipping sectors. But while efforts to lift container rates might succeed, bulk rates are likely to remain flat in the face of the chronic tonnage surplus. Tanker rates, however, should start to increase, if oil prices stabilise at a low level.

Even so, complaints in the UK industry about lack of Government support, are not likely to be still by improving cargo trends. The Lords report, by the European Communities Committee, said the Government should consider providing more support for both defence and commercial reasons.

Most owners are quick to agree. The General Council of British Shipping, representing most owners, has banged hard at the doors of Government ministers. But the Treasury has proved hard to budge. UK owners see the tax treatment of their depreciation puts them at a disadvantage against competitors.

Ellerman's Mr Cooke feels strongly that the Government should provide more help for the industry. "It recognises the problem, but I don't think it has got to the position of doing anything about it. It's put its

head in the sand in the hope that it will go away."

Far from going away, the problems look like becoming worse in some sectors. The Lords committee said it was highly concerned about the decline in shipping and shipbuilding, even though the Government has said it is not unhappy with the size of the merchant fleet for defence purposes.

Another report, this time by the British Maritime League, made similar points a week earlier, though its analysis and recommendations hardly broke new ground in an industry that has had plenty of close study in recent years.

The league, which acts as a pressure group, called its report "Why the Ships Went." It did not blame the Government for the decline in the fleet, citing instead the obvious causes of the poor market and financial pressures.

But it did weigh into the Government over the defence aspects of the UK fleet. In a separate comment on the report, the league said the types of ships suited for defence purposes could become too few to be of any use.

It described forecasts in recent Government-commissioned surveys, which suggested that there were enough vessels for the country's defence needs, as "dangerously optimistic." It called on the Government to prod the EEC into effective action to bring down subsidies to shipbuilding.

Governments, however, see votes in shipbuilding. Yards are often in areas of high unemployment and Ministers find it hard to chop aid to shipyards to attract work, however attracted they are to arguments for running down subsidies.

There are certainly few votes in shipping. Even after the Falklands crisis in 1982, in which merchant ships played a major support role, the Government did not see its way to providing more fiscal help for the industry, even though the General Council of British Shipping pushed its hardest.

The Government is acting to bring down the costs of pilotage and lighthouses. But owners feel these are charges that should be borne by the state. Because port charges are higher than on the Continent, UK shipping is often at a disadvantage. The Department of Transport recently said in a study of its own that UK port costs were some 60 per cent above those on the Continent. This was one reason why cargo shippers complained about paying more for shipping services than their European rivals.

Another problem, the department said, was the fact that UK exporters seemed less willing to shop around for shipping services than their European competitors. Transport Government officials said, seemed to be taken less seriously as a corporate function than elsewhere.

That, of course, is a problem for management. As the deal by P & O over OCL shows, though, senior executives are not by some investors can yield profits for others. OCL, like other container groups, has tried hard to eliminate excess costs and squeeze as much profit as possible out of its existing

OCL, having re-engineered its ships a few years ago, does not have to invest in costly new tonnage for five years or so. Also of interest to Sir Jeffrey, is OCL's strong position on routes to Asia and Japan. "It extends the policy of further developing our interests in the Far East and Australasia," he says.

He is not happy, though, with the returns on the group's cruise fleet, mostly based on the US west coast. Intense efforts are being made to cut costs and improve marketing. Here, as in other parts of UK shipping, costs are too high to compete.

There is no doubt that British shippers have suffered from the decline of the fleet and the drive to slash costs. As in other parts of industry, the restructuring has been painful, unco-ordinated, and rapid.

Instead of watching desperately as the size of the UK fleet dwindles, shipowners are doing their best to concentrate on profitability rather than preservation. At the risk of overstating, they are looking to "dangerously optimistic." It is a good sign that the Government is taking the EEC into effective action to bring down subsidies to shipbuilding.

Men and Matters

1975. So he was well out of the way when Arbuthnot ran into a troubled patch, including the stock market raid by Graham Ferguson Ltd in 1983, and the Sir Trevor Dawson investment management scandal a year later.

Dow's takeover of the bank in 1981 did not, it now transpires, finally settle Arbuthnot's future. So will the chairman move back on to the board? "I really don't know about my role at this stage," says Robson cautiously.

Swinging along

If its recent record is any guide, Royal Trust will bring some North American air to Arbuthnot, stockbroker Savory Millin, and the other institutions it has acquired from Dow.

Once a sleepy mortgage and trust management company, Royal has been transformed into one of Canada's most imaginative and aggressive financial houses. An organisational chart which shows the chairman and president at the bottom and customers at the top illustrates its hard-nosed approach.

At last month's annual meeting in Toronto's Ray Thomson Concert Hall, Royal presented a slide and special sound effects show which attempted to set its financial results to music—classics for the first quarter, jazz for the second, and rock for the fourth.

Much of the credit for Royal's revival goes to its president, Michael Cornelissen, an accountant, whose relaxed, pipe-smoking appearance belies an impatient streak. He is a member of what is light-heartedly known as the South African "mafia," which holds key positions in the

diversified cluster of companies controlled by Peter and Edward Bronfman (cousins of the Seagram Bronfmans).

Durban-born Cornelissen worked for the South African transport and hotels group, Remmies, before emigrating to Canada in the mid-1970s.

Tunnel toll

I have not been able to discover what the accountability fee for the Channel Tunnel project will be.

The British accountants, Peat Marwick who have just won the lion's share of the business claim, (1) that it will not be a "mega-fee," and (2) that it will not compare with handling any one of the multi-national companies.

Nevertheless, it ain't hay. The company will be monitoring the spending of at least £2.5bn to build the tunnel, and get it up and running.

The Peat Marwick group is feeling rather chipper. Together with the French group BEFEF it will act as auditor and reporting accountant to the joint venture company called Eurotunnel.

But that is only the start of the PM involvement. It has also been appointed to set for the British financial consortium, the Channel Tunnel Group.

And finally (an unexpected feather in the PM cap) it is to share the audit for the French financial consortium, France Manche, with BEFEF, through the PM French affiliate Audit Continental.

Apparently PM had a real struggle convincing the French that Audit Continental was a French company rather than a foreign enterprise. As Audit Continental was set up in Paris a full 80 years ago the appeal

tion to it says something for the French insistence upon keeping good things within the family.

Colin Sharman, a senior partner of PM, says that financing the tunnel and the London docklands (PM is also advising the Port of London Authority) will be the first big private financing of public infrastructure since the late 19th century. He is already consulting the history books to see how it used to be done.

Pennyworth

The death of the Duchess of Windsor yesterday brought back memories for a colleague of one of his first jobs in Fleet Street. As a young officer boy for a news agency in 1938, with the abdication in the air, he was sent to the law courts with £2-worth of old pennies and told to keep a line open from a phone box for a reported covering a case in connection with the then Mrs Simpson.

What the agency did not know was that in those days, twopenny was for a line open for hours. At the end of the day, my colleague found himself £1 18s 0d in pocket—quite a windfall for a lad whose wages were 15s a week.

Footnote

I am indebted to a distinguished Fellow of the Royal Society for this tale of the cobbler with two sons: one very bright, who became a professor of mathematics; the other dim, who became a millionaire, shambler. Asked for the secret of his success, the millionaire attributed it to a vital piece of economic advice his father had imparted: "Be content with small margins on a large turnover."

"So," said the millionaire, "I make my shoes for £2 a pair and sell them for £5. I am happy with three per cent profit."

Observer

COMMUNICATIONS

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"THE CEMENT for the foundation has been poured," says Mr. Cor van der Klugt, managing director of Philips' Dutch electrical products company, of which he became president this week. "Now we must get on with building the house."

Scarcely, perhaps, the impression of a casual observer of Western Europe's 10th largest industrial enterprise. With sales last year of £160bn (£15.5bn) and more than 150,000 employees, Philips is a company that must be taken seriously.

However, Mr. van der Klugt, who spent most of his 35-year career with Philips in Latin America before joining its management board in 1978, takes over at a critical point in its history. The company, which has been a competitor in Japan and increasingly other parts of the Far East, is in the throes of a far-reaching and sometimes painful restructuring of its corporate structure, management methods and values.

Few, if any, European companies equal its international spread. But until a few years ago, Philips was a multinational company in name only. Its worldwide operations, comprising subsidiaries in 60 countries, were fragmented into many self-contained national units.

The result was a piecemeal duplication of capacity and a proliferation of incompatible product designs, particularly in Europe. Once trade barriers crumbled, Philips' competitive position was seriously undermined.

Today, "going global" has become its corporate credo, as it sets about unifying disparate product strategies worldwide, rationalising production, capacity into fewer, bigger plants and applying tougher financial disciplines to an unwieldy management system long based on cosy consensus.

Though it must still contend with a complex overlapping "matrix" of product divisions and national organisations, efforts have been made to simplify its operation by making individual managers more directly accountable for decisions. And a rigid career structure, which reserved the top jobs for Dutchmen, is being dismantled to bring on younger executives of different nationalities.

There is a greater sense of urgency and aggressiveness in the company today, says Dr. Willem Dekker, president for the past four years. In his new role as chairman of the supervisory (upper) board, he will relinquish executive responsibilities but is expected to play an active role in formulating



Breaking out of the past

Guy de Jonquieres on the tasks facing Cor van der Klugt (left) who took over as president of Philips this week

long-term strategy. The ebullient Dr. Dekker, 62 only, a year older than Mr. Van der Klugt, has repeatedly rapped home the message that Philips must break with its own traditions by becoming more flexible and entrepreneurial.

Yet, as he admits, realising this global vision can often be frustratingly slow. "We claim to be an international company, yet we are still influenced by European attitudes," says Dr. Dekker. "If we had been based in the US, we could have taken action much faster."

Philips has reduced its European plants by a third to about 170 in the past five years. But much of its capacity remains inefficiently distributed because it feels politically obliged to maintain a sizeable industrial presence in each major national market.

Dr. Dekker has long been a vocal proponent of a more open European market as the solution. But he also concedes that Philips does very nicely out of protected public contracts all over Europe by "getting close to governments," whose favours would be less freely granted if Philips brutally axed capacity within their borders.

The company is still striving, too, to get a firmer grip on its US operations. After a long period of benign neglect by a European headquarters preoccupied by its own backyard, the US was a distant, difficult and completely different market, says Mr. van der Klugt. "We have to do a lot better there."

Above all, Philips has yet to translate its new strategies into a sustained increase in profitability. In the past, it has tended to minimise the significance of short-term results, urging investors to place their faith in long-term performance. From now on, says Mr. van der Klugt, improving profits will be the priority.

Though operating profits in Western Europe rose by 34 per cent last year, the gains were wiped out by a disastrous production slump in the US, due to heavy losses at Signetics, Philips' Silicon Valley microchip subsidiary, and on colour televisions. Net income fell 17 per cent to \$1.6bn.

But Philips has a long way to go to achieve its medium-term target of a 3 to 4 per cent after-tax margin on sales. This was last attained in 1973, and last year's ratio was a mere 1.7 per cent.

Philips' business embraces both high-technology and mature sectors. It is Europe's largest supplier of semi-conductors and consumer electronics and the world leader in lighting, consistently its single most profitable business. Its other main activities are white goods, industrial electronics, medical systems, office equipment, defence systems and small appliances.

If one business holds the key to Philips' future, it is the division for which Mr. van der Klugt was personally responsible, consumer electronics. The sector, which accounts for 30 per cent of Philips' total turnover, has fallen steadily from 47 per cent in 1976 to less than 23 per cent last year and it has been in loss or barely profitable for the past three years.

Why, then, does Philips not cut its losses and run? Its top managers asked themselves that three years ago; they concluded that consumer elec-

tronics was so closely integrated with other parts of the business that withdrawal could have a devastating impact on the rest of the company.

The consumer electronics division is by far the largest customer of Elema, Philips' electronic components operation, while its television tube production supports a sizeable in-house glassworks. Furthermore, consumer goods account for half or more of the turnover of some of Philips' larger national sales organisations.

Recently, the omens have begun to improve. Philips' video recorder (VCR) sales have picked up strongly since it dropped its ill-fated V-2000 system and began making machines to Japan's VHS standard. A move into the black for the first time is cautiously forecast for this year.

Demand is soaring, too, for compact disc (CD) players, which Philips invested in 1980. The company aims to win 25 per cent of the world market, expected to exceed 10m units this year and is investing more than \$100m in automated lines at a plant in Hasselt, Belgium, which it claims is the world's largest CD production centre.

The plant has also benefited from a campaign to speed up Philips' cumbersome internal decision-making procedures. A new drive unit for CD players, costing only a third as much to make as its predecessor, moved from laboratory to market in 17 months. "Previously, it would have taken five years," says Mr. van der Klugt.

Whether marketing, long a weak point, has improved is debatable. Under Philips' complex "matrix" structure, responsibility is often confusingly

split between its central product divisions and its national organisations.

Though Philips has several plants in the Far East, it remains doggedly committed to maintaining a strong industrial base in Europe. But part of its price has been import protection: heavy Philips lobbying secured EEC quotas on Japanese VCR exports in 1981 and, more recently, a 19 per cent "infant industry" tariff on CD players.

Philips claims it has genuinely used the breathing space to make itself more competitive. But executives remain equivocal about whether protection in Europe can ever match Far East efficiency levels. "You can't change the mentality of people," says Mr. Hans Tuyt, head of consumer electronics. "In the Pacific Basin there is a driving ambition to conquer the world."

Philips also argues that, in any case, Europe should maintain some form of tariff against the Japanese while their large home market remains so impenetrable. Its own sales there remain modest, even though it began linking up with Japanese partners, such as Matsushita, more than 30 years ago.

Of much more immediate concern is the US, where Philips has had a presence since the 1940s. Philips has increased sales there from 17 per cent to 29 per cent of turnover in the past five years, chiefly through acquisitions including GTE's television interests and Westinghouse's lighting operations.

The aim is to raise the figure to 50 per cent, mostly through organic growth, says Mr. van der Klugt.

North American Philips (NAF) is, however, an odd

assortment of businesses, including toothbrushes, musical instruments and home furnishings. It operates under 20 different brand names, some of which, like its three separate ranges of televisions, compete directly with each other and have few components in common.

The US operations are now receiving a lot more top management attention from across the Atlantic. Mainstream Philips executives have been moved into key jobs, and a drive is under way to rationalise product lines and manufacturing capacity and to integrate the US businesses more closely with the rest of the group.

NAF's loss-making colour television business is also under review. Dr. Dekker says that unless the US plants become competitive in the next two years, production may be shifted to the Far East.

More generally, Philips is also scrutinising its worldwide operations for unnecessary fat. A major internal debate is under way on whether its high degree of vertical integration—which until recently extended even to making its own cardboard boxes—can be reduced, to free resources for more productive applications.

If vertical integration slows you down," says Mr. Jan Zandman, Philips' finance director. The general aim in future, he says, will be to do itself only those things which are essential to maintaining independence in key technologies.

Nonetheless, the weakness of Europe's electronics sub-contracting industry, particularly compared to Japan, is likely to mean that Philips will have to continue to do in-house much more than many of its international competitors.

The attitude of Miboc illustrates the limitations of the self-regulatory approach. Expert practitioners have the knowledge and skill to draw up finely tuned rule-books, where outsiders might, through ignorance, cause all sorts of unnecessary damage or leave numerous loopholes. But at the same time, practitioners have their own commercial interests to protect, and cannot be relied upon to safeguard the public interest without a good deal of prompting.

Already Miboc's earlier draft proposals have been attacked by MPs on the Standing Committee examining the Financial Services Bill, and it is unlikely that its latest plans will meet universal approval.

All along, the key point has been the refusal of the life assurance industry to consider freely disclosing the commissions which are deducted from clients' premiums. Instead, insurance brokers, Miboc agrees, need only adopt a downbeat disclosure which involves a statement that commission is in accordance with

Lombard Drawbacks of self-regulation

By Barry Riley

THE latest version of the disclosure rules from Miboc, the Marketing of Investments Board Organising Committee, confirms that this embryonic regulatory body is resolved to treat life assurance as something special. So much for the "level playing field" that the new financial services legislation is supposed to establish.

Miboc justifies its approach by pointing to historical differences in the development (and regulation) of life insurance, and to the "special nature" of life assurance and unit trusts. It holds out the hope that the need for special provisions may diminish in due course, not least as a result of commercial development. But it seems more likely that the enormous advantages of life business in being able to cloak its very high marketing costs and exploit cold-calling techniques will actually reinforce the differences.

The committee's main step in the direction of consistency of treatment is the decision to treat unit trusts in the same way as life assurance. In terms of disclosure of commissions, therefore, the proposals could actually amount to a retrograde step for unit trust investors.

The attitude of Miboc illustrates the limitations of the self-regulatory approach. Expert practitioners have the knowledge and skill to draw up finely tuned rule-books, where outsiders might, through ignorance, cause all sorts of unnecessary damage or leave numerous loopholes. But at the same time, practitioners have their own commercial interests to protect, and cannot be relied upon to safeguard the public interest without a good deal of prompting.

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All along, the key point has been the refusal of the life assurance industry to consider freely disclosing the commissions which are deducted from clients' premiums. Instead, insurance brokers, Miboc agrees, need only adopt a downbeat disclosure which involves a statement that commission is in accordance with

an approved industry scale. The case for full disclosure of the monetary amount is partly that this ought to be the basis of any relationship between a client and his independent professional adviser. More directly relevant to the objectives of the Financial Services Bill, it is also necessary to ensure equivalence with the standards ruling in the marketing of other types of investment, for example stock market securities.

Miboc justifies its stance by considering life assurance in isolation. It says the objective of disclosure is simply to ensure a client does not get sold a particular policy because it carries a higher commission than another one. To disclose a commission in isolation can only confuse a client because he cannot know what the competitive commission levels might be. The imposition of an agreed industry scale, which will have to be approved by an SIB, is therefore a better protection.

However, this blinkered argument misses two important points. First, even on the basis of an agreed industry scale it will remain true that different types of policy will carry radically different commission rates. So intermediaries will still often have an incentive to sell a less suitable policy.

Second, clients need to know how the commissions on life policies compare with those on other types of investment. Clearly it is right that the existence of long-established practices in the life assurance industry should be taken into account. The new regulatory framework preferably should not precipitate a big bang change on the scale of that being seen in the securities industry. It would be appropriate to phase in changes.

However, it is simply not good enough for Miboc to express the bland hope that changes will happen of their own accord "over time." They will not. It was up to Miboc to set appropriate objectives for the reform of the marketing of life assurance, including adequate disclosure levels, and lay down a timetable within which the changes could reasonably be achieved. This the committee has failed to do.

US, Japan and semiconductors

From Mr Clayton Yeutter, US Trade Representative, 18 April 1986. You quote mistakenly characterised semiconductor discussions between the United States and Japan as an effort to set up a "bilateral protectionist international cartel." There is no chance whatsoever of this occurring, and any such suggestion would be vehemently opposed by the US Government.

To the contrary, these talks aim only to prevent unfair trading practices in the semiconductor industry and to reduce barriers to their international trade. We began consulting Japan last summer when some US semiconductor producers complained of unfair barriers in Japan that prevented them from penetrating the Japanese market. Fundamental to our government discussions, then, is our effort to increase free and fair access to Japan's market. Such access means more, not less, competition. Far from promoting a "cartel," our aim is to ensure that no constraints on competition that may be impeding access for semiconductor imports in Japan be permitted to continue. We are promoting, not discouraging, competition in the Japanese market.

We also favour competition in our own and third country markets, so long as it is fair. Yet recent preliminary findings by the US Department of Commerce show that Japanese semiconductor producers have been selling key types of semiconductors here at prices far below their cost of production. The international community has long agreed that such "dumping" practices are unfair and warrant remedial action when they cause injury.

Below-cost commodity sales obviously hurt competitors who are forced to lower their prices, even to unremunerative levels, just to stay in the market. More importantly, in the long term below-cost sales hurt consumers as well, and undermine technological advancement. In the short term semiconductor consumers, like computer companies, benefit from lower prices. But consumers eventually suffer too when those unprofitable prices discourage investment in research and development necessary for innovation. They are also hurt when their sources decrease, as profit-seeking companies cease producing unprofitable semiconductor products. Modern technology requires healthy semiconductor industries, and below-cost prices threaten their vitality, and sometimes their very existence. I should think these concerns apply to the European as well as American context.

The US and Japan are considering how to expedite dumping determinations. Given the fact the semiconductor industry is a global market, we must also be concerned about unfair practices

Letters to the Editor

ing practices outside the US and Japan.

Misleading and alarmist descriptions of these talks and their object, though, can only hinder our efforts to promote freer trade in products providing the very underpinning of technological progress.

Clayton Yeutter, US Trade Representative, Washington 20506.

Docklands light railway
From the Chairman, Policy and Resources Committee, City of London.

Sir, Dr Redman (April 23) underlines the need for co-operation and discussion between the City Corporation and public transport agencies when major innovations affecting movement in the City are proposed.

The initiative in requesting Parliament for the docklands light railway's extension into the City was taken without such consultation. The Corporation petitioned against the original scheme on sound grounds and LDF made major improvements to that proposal.

The new proposal still has a fundamental flaw in strategic traffic terms in siting the terminal some 100 metres too far from the city. Also we are concerned at the close proximity of the new tunnel to the Northern Line platforms and running tunnels. So we still oppose the scheme for that final short section.

The conclusion drawn by observers that the City Corporation opposes development in the docklands, is totally wrong. We believe that the City and schemes such as Canary Wharf can co-exist to our mutual benefit.

The future of the Waterloo to City line is clearly a different matter, but Dr Redman is right in advocating consultation on such matters.

Peter P. Rigby, Members' Room, Guildhall, EC2.

Politics and industry
From Mr P. Wood.

Sir, Lord Young repeats in his Stockton lecture (April 23) the fashionable view that our current industrial problems derive from an "anti-enterprise" or "anti-industrial" culture. While these culprits are apparently "bedded deep down in our national history," Lord

Young dates the fundamental changes only from the late-19th Century.

Yet he does not report any detailed historical evidence or research to support his contention. What seems clear, however, even to ungifted amateurs neither anti-industrial nor anti-enterprise, is that while throughout much of the late 19th Century the struggle to reconcile employers' and workers' interests continued without notable success, there is very little convincing evidence of a lack of interest in business, industry and enterprise.

Joseph Chamberlain's economic imperialism was that of a manufacturer. The politics of the Empire rested on a House of Commons saturated with businessmen and their proportion had increased by 1902. It has been observed already by others that many of the gifted amateurs and gentlemen blamed by Lord Young for our decline were in fact considerable promoters of enterprise, owners of foundries and quarries and a range of joint-stock companies.

Peter Wood, Newbold Farm, Danby, North Yorkshire YO21 2JG.

Auditors and protection
From the Secretary, Institute of Chartered Accountants in England and Wales.

Sir, Mr J. Butcher in his letter on auditors' liability (April 21) warns that the Government should be wary about rescinding the protection afforded to investors by a professional audit.

We agree with him. The auditor has an important role to play in the new supervisory framework which the Government is proposing for investment business. The problem is that without some protection the increased risk for auditors may exceed the reward. This could have the effect of deterring auditors from taking on work in those areas of the financial services sector where the investor is most at risk.

These are precisely the areas where high quality audit is most needed.

This Institute is not seeking blanket immunity from liability for auditors of investment businesses. We are asking for the Government to limit that liability to within reasonable commercial bounds. We fear

Electricity pricing

From Mr M. Garner, Sir, Mr Ross (April 8) makes the claim that Electricity de France (EDF) "supplies us with 'cheap' electricity only if one ignores its massive debt" and he cites for good measure the CEEB's providing in its accounts "for the assumed cost of de-commissioning power stations," presumably intending the implication that EDF does not.

Announcing the 1985 profit of FF 900m in January, EDF's president observed that "every year of our customers pays FF 100, FF 25 goes in payment of interest on loans." The net profit was struck after a debit for interest and capital costs of the order of FF 25bn. If EDF's capital cost appears lower than the British electricity industry's, credit should be given to France's policy post-war of tight regulation of the capital market with a view to channelling funds to investment programmes complying with government objectives. Britain might have done the same but we have generally chosen to place the interests of the financial sector to those of industry. As to de-commissioning costs, EDF too makes provision for them in arriving at its net profit or loss (FF 1,216m was, for example, debited in 1984: the 1985 figure was not disclosed).

In both Britain and France electricity prices are supposed to relate to marginal costs. Regrettably, their calculation varies considerably with the assumptions and judgments employed, with the consequence that no single price level can emerge as indisputably correct and governments, as we have seen in Britain in recent years, are given scope for exerting pressure on electricity prices while still claiming to respect the principle of economic pricing. Nevertheless, in applying this principle and putting a price on the long-run cost of supply of the marginal electricity unit, the volume of debt and the obligations attaching to it are irrelevant and what is material are the capital required and its opportunity cost.

Were EDF supplying electricity to Britain at times when, as the result of diurnal or seasonal load fluctuations, it had a surplus of capacity, short-run marginal costing would be appropriate, making the charge for capital nil or negligible.

The pricing principle the British electricity industry exemplifies in its domestic off-peak tariff, Maurice R. Garner, Albany Lodge, Durlock Road, Staple, Canterbury, Kent.

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FINANCIAL TIMES

Friday April 25 1986

BELL'S
SCOTCH WHISKY
BELL'S

Texaco profits rise to \$328m in quarter

By William Hall in New York

TEXACO, the third highest US oil major, yesterday reported an \$8m rise in first-quarter net income to \$328m, or \$1.37 a share, continuing the pattern of very mixed first-quarter results from the US oil majors after the recent dramatic drop in oil prices.

Standard Oil, which is in the throes of a management reorganisation after British Petroleum (BP), its majority shareholder, dismissed the top management team earlier this year, reported a 26 per cent drop in first-quarter net income to \$253m. Pennzoil, a Houston-based energy company, reported a similar drop in first-quarter net income to \$42.3m or 89 cents a share, while Sonat, an Alabama-based energy and pipeline group, reported a \$3m drop in first-quarter earnings to \$4m, or \$1.14 a share.

Texaco attributed its favourable results to "improved manufacturing and Marketing operating margins, reflecting the company's significantly lower acquisition cost of crude oil and petroleum products, along with continuing operating efficiencies resulting from earlier facility investments."

Mr John McKinley, Texaco's chief executive, said that "although petroleum product prices declined significantly during the quarter, these product price decreases in the marketplace were at a slower rate than the decline in feedstocks costs". Texaco's exploration and production (E and P) earnings dropped from \$418m to \$183m, but that was more than offset by the improvement in the downstream operations, which reported net income of \$301m against a \$271m loss a year ago.

Unlike many of its rivals, Standard Oil did not benefit from the sharp improvement in downstream operating margins and its earnings from that side of its business fell by \$24m to \$10m. The E and P earnings dropped by 35 per cent to \$46m.

Mr Robert Horton, who was brought in from BP to head Standard Oil this year, said that first-quarter earnings might not be representative of the earnings for subsequent quarters.

Exxon seeks 40,000 job cuts, Page 24

P&O launches £526m double takeover offer

By MICHAEL CASSELL AND ANDREW FISHER IN LONDON

BRITAIN'S Peninsular and Oriental Steam Navigation (P & O) yesterday launched a £526m (\$800m) takeover package to expand the shipping and property activities which form the central core of its business.

The group announced simultaneous proposals to buy Stock Conversion, one of the UK's largest property investment companies, and Overseas Containers (OCL), a leading container shipping operator of which it already owns 47 per cent.

The bid for Stock Conversion, which values the company at £377m, was immediately rejected by the property company. Mr Harry Norris, the chairman, said the offer was "unsolicited and unwelcome."

P & O will not, however, face any fight over its desire to buy OCL, which last year made record profits of £70m before tax. It is paying £149m for the stakes in OCL held by Ocean Transport and Trading and British and Commonwealth Shipping.

Sir Jeffrey Sterling, the chairman

of P & O which last year was merged with his Sterling Guarantee Trust, said the twin initiatives were a further step in the enlarged group's policy of improving the quality of earnings and developing its core interests.

As part of its bid for Stock Conversion, P & O has already agreed to purchase a 25.5 per cent equity stake in the company held by Stockley, the Jacob Rothschild-backed property group. P & O has an option to acquire the Stockley shareholding, even if its bid for Stock Conversion fails.

The offer - £1 of P & O deferred stock for every three ordinary shares - values Stock Conversion shares at 72p each. There is a cash alternative of 67p. P & O said the terms represented a 23 ppc premium on the stated net asset value at September 30, 1985.

Stock Conversion emphasised that the valuation did not include the company's substantial dealing and development properties. The company has, for the first time,

called for a full independent valuation of its entire UK portfolio to assist in its defence.

News of the bid sent Stock Conversion shares up by 5p to 71p, while P & O fell back 4p to 33p.

The move to take full control of OCL, which has a fleet of 23 container ships, has long been awaited in the market, though a bid for Ocean Transport had also been mooted.

Sir Jeffrey admitted yesterday that the future of OCL had been behind P & O's build-up last year of a 13 per cent stake in Ocean. Part of the deal announced yesterday was the sale of this stake.

Ocean has been withdrawing from shipping, though it retains several cargo vessels, to concentrate on its growing storage and freight interests. The 14.3m Ocean shares will be placed on the market at 190p each.

Feature, Page 20; Background, Page 30

UK sugar group set to launch bid for Berisford

By Lionel Barber and Andrew Gowers in London

TATE & LYLE, the UK sugar refiner, will launch a cash and shares bid for S. W. Berisford, the commodity trading group, providing a Berisford management buy-out, valued at £200m (\$306m) can be agreed within the next fortnight.

Talks between Berisford's management, led by Mr Ephraim Marjules, chairman, and a consortium of international banks and investors, are at an advanced stage. Arrangements could be in place as early as next week. This would prompt Tate to launch its bid, countering a rival £487m offer for Berisford from Hillside Holdings, the fast-growing UK food and furniture manufacturer.

Tate is very interested in acquiring Berisford's subsidiary, British Sugar, the UK monopoly, which it values at around £45m. Its entry has been delayed by two factors: the need to build up a political lobby to allay competition fears, and highly complex negotiations involving Berisford's management, its advisers Citicorp, the US bank, and Tate & Lyle.

Under a deal devised by Citicorp, which is advising Berisford's management, some £200m risk capital for the buy-out is in place. Mr Marjules and his senior managers would provide about £30m of this capital.

The management has also been talking to Berisford's leading banks to ensure provision of working capital for the existing businesses acquired by a new private company headed by Mr Marjules. This company would concentrate on commodities, financial services and property.

Berisford has more than 70 banks throughout the world with credit lines extended to the group, whose total borrowings and liabilities amount to at least £1.3bn. Group borrowings included in the balance sheet last September - amount to £274m, according to Berisford's merchant bank advisers, Chartered House Japhet.

The extent of Berisford's liabilities, though not unusual in international commodity trading houses, has nevertheless concerned Tate & Lyle. The UK sugar refiner has sought guarantees that, if it launches a bid for Berisford, it will not be saddled with any of the liabilities or debt associated with the rum of the business.

Talks with Berisford's principal bankers are understood to be progressing well, but the stakes are high. One party involved said of Citicorp's role: "They want to be heroes and put together a deal. But on the other hand they do not want to be martyrs."

Marcos gold trail leads to Europe

Continued from Page 1

presidential palace after his downfall.

The contract - a copy of which was obtained by the Financial Times - named a Panamanian registered company run by a Canadian geologist as the purchaser. Barclays Bank International in Nassau as the exchange bank and a US attorney based in Cleveland as the agent in the deal.

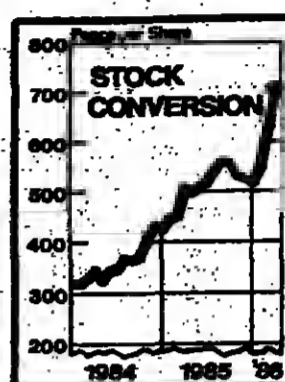
No amounts were mentioned and both Barclays Bank and the attorney involved insisted that the contract was never fulfilled.

The significance of the draft contract, however, is that it confirms that the gold in question was of fineness minimum 999.5 parts per 1,000 fine gold, the internationally accepted standard of refined gold.

In the Philippines, only the central bank is known to have the refining capacity to achieve that quality. Although the country's eight primary gold producers also refine their own gold, that is done to a much lower standard.

THE LEX COLUMN

Amphibian craft from P&O



£1.1bn. Net worth per share should rise by about a quarter, while the earnings dilution from Stock Conversion should just be offset by the earnings enhancement from OCL. Altogether, a very clever deal.

ICI

ICI's first quarter results were not the sole cause of yesterday's market fall. Nor was the failed attempt to place a £21m slug of Unilever shares, though it showed how difficult it is to round up buyers at the moment. But ICI reminded the market of two factors it has been ignoring. An oil price slide is not all good news and the dollar's continued fall will require analysts to shade back this year's profit forecasts. ICI's shares slipped 5p to 514p.

Stock losses from lower oil prices could have cost ICI as much as £30m depending on the accounting treatment in the quarter. But so far there has been no benefit in terms of increased demand. Indeed, customers are clamouring for their share of the fall in raw material prices and holding back their purchases ahead of hoped for price cuts. With volume down and indications that these cuts are coming at last, ICI is getting little joy out of cheaper oil, even more so in its own oil business. This could change if the economic stimulus cheap oil is

supposed to generate comes, but ICI is an oversupplied market and hardly able to push prices up again.

As for currencies, the main one is the D-mark, which has been behaving itself. But the fall in the dollar, from its peak in the first quarter last year, could have cost £30m of the £63m fall to £204m in pre-tax profits and explain the flat performance in pharmaceuticals. With the dollar falling again yesterday, analysts were loath to be too definite in their forecasts for the year. They may depend as much on the equally unpredictable weather's influence on fertilizer sales. Forecasts are still in the high £900m's (against £912m) with a p/e ratio of 10x. That looks fairly cheap but the shares' performance may owe more to the outcome of the ADR tax fracas.

Siebel/APV

What price shareholder loyalty? APV investors might have considered yesterday morning's 330p level gave scope for capital appreciation now that APV are well on the recovery road. But an offer from Siebel at 575p, even in funny money, realises a lot of potential immediately. It puts a 24 p/e on 1985 earnings, perhaps dropping to 17 on 1986 estimates. Shareholders will need a lot of convincing from their board, and higher profit forecasts, to resist. And Siebel's shareholders should wonder whether they are paying too much.

Takeovers are not about buying up dead companies cheap-amy more, but picking fairly well managed businesses, and running them even better. The argument between APV and Siebel will be which can manage the recovery quicker. And with two aggressive chief executives lined up it could prove quite a stinging match. The knock-out blow might be the addition of a cash alternative. Part of APV's defence will be to point to the conversion, valued by Siebel's side at £1. The Takeover Panel may have to make its own valuation if Siebel keeps buying APV shares in the market.

London shares fall again as £ climbs to three-year high

By GEORGE GRAHAM IN LONDON

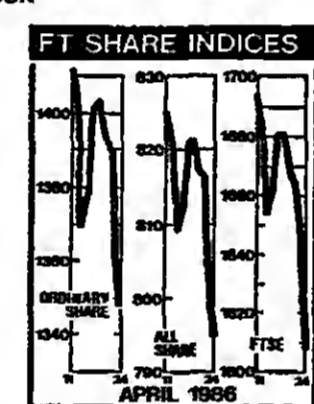
LONDON SHARE prices continued to fall yesterday as the pound climbed to its highest level against the dollar for three years. The stock market fell for the fourth day in succession in the wake of setbacks on Wall Street, where bond prices tumbled further yesterday.

Disappointment at the announcement of lower than expected profits from ICI, Britain's highest chemicals group, helped push the FT Ordinary share index down by 24.8 points at one stage. It recovered later to end 14 points lower at 1,348.

Since the beginning of the week the FT index has fallen by nearly 4 per cent, and it stands 5.5 per cent below the peak it reached earlier this month. It still shows a gain of more than 21 per cent from its low point in January this year.

In the City of London, stockbrokers' economists believed the market would recover again after what they saw as the inevitable reaction to its sharp rise in recent months.

"The market felt it had got ahead of itself," said Mr Richard Holt, economist at broker Scrimgeour



Vickers. "Our feeling is the next few months will be a little difficult but the market has not yet fully appreciated the benefits for equities of lower oil prices."

Mr Richard Jeffrey, of broker Hoare Govett, agreed. "The market has not discounted the sort of 20 per cent profit growth we are going to see in the non-oil sector or the extent to which interest rates are going to continue to fall."

Sterling, meanwhile, gained ground yesterday as short-term interest rates remained strong in response to recent signals from the Bank of England that it wanted to slow the downward momentum of interest rates. The pound gained over 1 cent to end in London at \$1.5353, and also rose 3/4 ppc against the West German mark to end at DM 4.5771.

The Bank of England's effective exchange rate index rose by 0.7 yesterday to 76.4, recovering to the level it had reached last week.

British Government gilt-edged securities moved slightly lower, and the newly issued top stock, Treasury 8 per cent 2009, started dealings at a discount of 1 point to its £25 partly-paid issue price.

While currency dealers remained pessimistic about the outlook for the dollar, they were also nervous about the prospect of central bank intervention to prevent it falling too far or too fast. The US currency rebounded sharply from its level in New York the previous day.

Share markets, Page 46

US plans no action against Syria or Iran

Continued from Page 1

and immediate future EEC presidents. Mr Frits Kortals Altes, the Dutch minister who chaired yesterday's talks, declined to disclose details of further moves.

Mr Altes refused to confirm that a list had been drawn up of countries most suspected of supporting terrorist activities that might be targets for European political action. Mr Douglas Hurd, British foreign Secretary, said after the meeting that ministers were not exclusively concerned with Libya.

Denmark yesterday joined Britain and West Germany in forcing a reduction in the staffing of the Lib-

yan Peoples' Bureau (embassy) in its capital after last Monday's decision to clamp down by Community foreign ministers. Five Libyans will be forced to leave so that the Copenhagen representation will be reduced to three diplomats and two administrative staff.

The Italian Government is studying ways of reducing Libyan numbers in Rome and Milan, where there are 71 people attached to the Peoples Bureau and Consulate. Italy is nervous about taking steps which might prompt a reduction in the small number of Italian diplomats in Tripoli, who also look after British interests in Libya.

Britain is expecting the seven leading industrial nations to endorse their toughest statement yet on the need to counter international terrorism at the Tokyo world economic summit.

Preparations for the summit in the wake of the Libyan crisis suggests that the seven - the US, Japan, West Germany, France, Britain, Italy and Canada - are now prepared to go beyond the fairly mild pledges against terrorism typical of previous summits.

British officials believe that France in particular has softened its stand against allowing the annual summit gatherings to become the

forum for strong political statements.

There are doubts, however, as to whether the heads of government who will meet between May 4 and May 8 will be able to agree any specific measures directed against Libya, Japan, which has been little affected by the Libyan crisis, may be reluctant to see the summit dominated by discussion of possible sanctions against Col Gaddafi.

Mrs Margaret Thatcher, Britain's Prime Minister, will nonetheless use the summit to step up pressure on her European allies to close down the Libyan Peoples Bureau in their capitals.

Bonn resists pressure to boost its economy

Continued from Page 1

tion, now only nine months off, primarily on its success on the economic front.

Meanwhile, the officials effectively rule out any decision in Tokyo on calling an international monetary conference, first mooted by President Francois Mitterrand of France three years ago. The issue will not be confronted until this autumn's annual meeting of the International Monetary Fund at the earliest.

Jonathan Carr in Frankfurt writes: The Bundesbank's policy-making council decided that the disadvantages of reducing discount or

lombard rates at present outweighed the possible benefits at home and abroad.

It is pointed out that since the resumption within the European Monetary System (EMS) on April 7, there have been massive capital outflows - notably into high interest rate French franc investments - and the D-Mark has been weak against other member currencies.

A further cut in German discount rate, it is argued, would make these EMS tensions worse unless high interest rate member states, notably

France, were ready to act first. The Bundesbank last cut the discount rate on March 7, by 1/2 point to 3 1/2 per cent, and left lombard rate unchanged at 5 1/2 per cent.

The Japanese have been making clear they would like the Bundesbank to join in another round of discount cuts to help stem the fall of the dollar. But at present the EMS difficulties weigh at least as heavily with the Bundesbank as the extra problems which a lower dollar exchange rate would cause German exporters.

The Bundesbank also sees no ur-

gent domestic need for a further cut in rates, despite US calls on the Germans to do more to increase economic growth. The central bank already expects about 3 1/2 per cent real growth this year and is determined to try to preserve the current price stability.

In addition to the possibility that the oil price factor could be reversed, another indication of potential inflationary danger is that money supply growth has been markedly exceeding the central bank's target corridor in the first months of this year.

Record EEC fines for price-fixing

Continued from Page 1

on companies in the search for documents.

ICI argued that in the period covered by the investigation the polypropylene industry had incurred losses running to several hundred million pounds. "We believe that the factual evidence before the Commission shows convincingly that such contracts as there were had no effect at all on the market."

Polypropylene is a base product in the manufacture of plastics, such as PVC and polystyrene. It has a wide range of uses, from packaging and tape manufacture to making motor components. It can also be used as a substitute for wood, metal and textiles.

After 1979, each producer was allotted a market share, based on average sales of the previous three years. The shares were adjusted year by year.

Those practices were classified yesterday by Mr Peter Sutherland, the Commissioner for Competition and as such guardian of the rules, as "particularly serious violations."

In fact, the Commission had accumulated what it considered adequate proof of the violations by the end of last year. But there has been dispute among the commissioners about the level of the fines. A school of thought, apparently led by Mr Karl-Heinz Maries, the Commissioner for Industry, wanted a relatively lenient view taken in the face of the industry's need to restructure

THE PROCTER & GAMBLE COMPANY

Extendible Notes Due December 15, 1994

NOTICE IS HEREBY GIVEN that, pursuant to paragraph 7(c) of the Terms and Conditions of the Notes described above (the "Notes") the Company has elected to and shall redeem on May 19, 1986 (the "Redemption Date") U.S. \$32,000,000 aggregate principal amount of Notes at a redemption price of 101% of the principal amount thereof (the "Redemption Price"), plus accrued interest from December 15, 1985 to the Redemption Date in the amount of \$46.33 for each \$1,000 principal amount of Notes. The serial numbers of the Bearer Notes selected for redemption are as follows:

OUTSTANDING BEARER NOTES IN THE DENOMINATION OF U.S. \$1,000 EACH BEARING THE FOLLOWING SERIAL NUMBERS:

U.S. \$1000 EACH BEARING THE FOLLOWING SERIAL NUMBERS:					
FROM	THROUGH	FROM	THROUGH	FROM	THROUGH
5901	1000	27501	28000	54501	55000
5901	1000	28001	28500	55001	55500
5901	1000	28501	29000	55501	56000
5901	1000	29001	29500	56001	56500
5901	1000	29501	30000	56501	57000
5901	1000	30001	30500	57001	57500
5901	1000	30501	31000	57501	58000
5901	1000	31001	31500	58001	58500
5901	1000	31501	32000	58501	59000
5901	1000	32001	32500	59001	59500
5901	1000	32501	33000	59501	60000
5901	1000	33001	33500	60001	60500
5901	1000	33501	34000	60501	61000
5901	1000	34001	34500	61001	61500
5901	1000	34501	35000	61501	62000
5901	1000	35001	35500	62001	62500
5901	1000	35501	36000	62501	63000
5901	1000	36001	36500	63001	63500
5901	1000	36501	37000	63501	64000
5901	1000	37001	37500	64001	64500
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5901	1000	38001	38500	65001	65500
5901	1000	38501	39000	65501	66000
5901	1000	39001	39500	66001	66500
5901	1000	39501	40000	66501	67000
5901	1000	40001	40500	67001	67500
5901	1000	40501	41000	67501	68000
5901	1000	41001	41500	68001	68500
5901	1000	41501	42000	68501	69000
5901	1000	42001	42500	69001	69500
5901	1000	42501	43000	69501	70000
5901	1000	43001	43500	70001	70500
5901	1000	43501	44000	70501	71000
5901	1000	44001	44500	71001	71500
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5901	1000	45001	45500	72001	72500
5901	1000	45501	46000	72501	73000
5901	1000	46001	46500	73001	73500
5901	1000	46501	47000	73501	74000
5901	1000	47001	47500	74001	74500
5901	1000	47501	48000	74501	75000
5901	1000	48001	48500	75001	75500
5901	1000	48501	49000	75501	76000
5901	1000	49001	49500	76001	76500
5901	1000	49501	50000	76501	77000
5901	1000	50001	50500	77001	77500
5901	1000	50501	51000	77501	78000
5901	1000	51001	51500	78001	78500
5901	1000	51501	52000	78501	79000
5901	1000	52001	52500	79001	79500
5901	1000	52501	53000	79501	80000
5901	1000	53001	53500	80001	80500
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5901	1000	54501	55000	81501	82000
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5901	1000	56501	57000	83501	84000
5901	1000	57001	57500	84001	84500
5901	1000	57501	58000	84501	85000
5901	1000	58001	58500	85001	85500
5901	1000	58501	59000	85501	86000
5901	1000	59001	59500	86001	86500
5901	1000	59501	60000	86501	87000
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5901	1000	61001	61500	88001	88500
5901	1000	61501	62000	88501	89000
5901	1000	62001	62500	89001	89500
5901	1000	62501	63000	89501	90000
5901	1000	63001	63500	90001	90500
5901	1000	63501	64000	90501	91000
5901	1000	64001	64500	91001	91500
5901	1000	64501	65000	91501	92000
5901	1000	65001	65500	92001	92500
5901	1000	65501	66000	92501	93000
5901	1000	66001	66500	93001	93500
5901	1000	66501	67000	93501	94000
5901	1000	67001	67500	94001	94500
5901	1000	67501	68000	94501	95000
5901	1000	68001	68500	95001	95500
5901	1000	68501	69000	95501	96000
5901	1000	69001	69500	96001	96500
5901	1000	69501	70000	96501	97000
5901	1000	70001	70500	97001	97500
5901	1000	70501	71000	97501	98000
5901	1000	71001	71500	98001	98500
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SECTION II - COMPANIES AND MARKETS FINANCIAL TIMES

Friday April 25 1986



ITT net earnings fall to \$106m in quarter

By Paul Taylor in New York

ITT, the New York-based multinational, yesterday reported higher first-quarter operating results but said net earnings had fallen 6 per cent, reflecting the absence of special gains recorded in the 1985 period.

Net income declined to \$106m or 70 cents a share, compared with \$113m, or 75 cents, in the year-ago period when earnings were bolstered by a \$38m or 25 cents-a-share gain from the settlement of an outstanding contract dispute with Nigeria and a \$11m or 7 cents-a-share gain from discontinued operations.

Extending these special items, ITT said operating results "improved significantly" in the latest quarter. Total sales and revenues grew to \$5.3bn, including insurance and finance revenues of \$2.3bn. This compared with total sales and revenues of \$4.4bn, including financial ser-

vice revenues of \$1.8bn, in the year-ago period. Excluding the effect of foreign exchange rates, sales and revenues increased by 11 per cent, and ITT expects this positive trend to continue throughout the year.

The higher operating results were paced by strong results from diversified services businesses, due mainly to ITT's Hartford insurance subsidiary which benefited from "a return to more adequate pricing and growth in market share."

ITT noted that the Hartford's domestic combined ratio of losses and expenses improved by more than 11 points to 106.7 per cent between the 1985 and 1986 quarters. Its financial services operations also continued to post substantial operating gains, mainly because of lower interest rates and higher portfolio levels.

ITT said the performance of its

industrial technology group exceeded year-earlier results with most of the gain attributable to its worldwide automotive products business. The group, which earlier this year abandoned its attempts to adapt its System 12 digital telephone exchange switch to the US market, added that the sales gain in its European telecommunications business were offset in part by lower volume in the North American business information systems group.

The group's natural resources segment posted lower results, mainly because of continued softness in pulp and wood products.

ITT said its order backlog at the end of the quarter stood at \$6.9bn, up from \$5.4bn a year ago, with most of the growth coming from higher defence and space business orders and the benefits of the weaker dollar.

Feldmühle Nobel issue is sold out

By Jonathan Carr in Frankfurt

THE SHARE offering of Feldmühle Nobel, the West German industrial group formerly owned by Mr Friedrich Karl Flick, opened yesterday and was at once heavily oversubscribed.

Deutsche Bank, which is leading the placement consortium, promptly called a halt to the sale and said lots would have to be drawn for the available shares.

The surge in demand had been expected. Banks had been showered with requests for Feldmühle Nobel shares even before the bank announced the issue conditions on Monday.

Going on the market is the whole of the company's DM 350m (\$156m) basic capital at an issue price of DM 285 per DM 50 nominal share. The issue volume of almost DM 2bn is a post-war record in Germany.

The new shares will be listed on all German stock exchanges from May 5. Their price is expected to soar well above DM 285 in trading.

Bathurst expects improvement

By Robert Gibbons in Montreal

CONSOLIDATED-BATHURST, the pulp and paper, packaging and energy group controlled by Power Corporation of Canada, wrote off C\$47.4m (US\$34m) in the first quarter to cover severe problems with two oil investments.

Excluding the write-off, first-quarter operating net income was C\$14.7m, or 22 cents a share, against C\$13.1m, or 21 cents, on revenues of C\$454m against C\$411m. The company expects improved earnings for the full year, however.

Pulp prices have firmed, and newspaper prices in North America should increase later this year. The company's natural gas project in western Canada will come on stream in November. This will partly compensate for the problems with Sulphur and Sulphur Exploration. However, its investment in Seismic Resources, already written down to market value, had much better prospects, said Mr William Turner Junior, chairman.

The company's Bridgewater mill in England had over established itself as a major European market newspaper producer, he said, and would return to breakeven this year and contribute to earnings in 1987.

Bathurst's strongest European investment is Europa Carton in West Germany, where earnings were up 40 per cent in the first quarter. Europa, the largest cardboard and container group in Europe, is looking for further expansion in the Netherlands and France.

The group is expanding its successful packaging interests in the US in preparation for any free trade arrangement between the US and Canada.

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Société Générale chief calls for deregulation

By Paul Betts in Paris

SOCIÉTÉ GÉNÉRALE, third-largest French nationalised bank, yesterday reported sharply higher consolidated group net profits of FF 1.3bn (\$185m) for last year. But Mr Jacques Mayoux, chairman, called for changes in banking regulations to enable large commercial banks such as Société Générale to compete more effectively in the country's new financial environment.

Mr Mayoux said commercial banks were now penalised by government reserve requirements and various tax obligations which, in the case of Société Générale, cost FF 1.28bn last year. This was the equivalent of about two points in the bank's base lending rate.

With the liberalisation of financial markets in France and the easing of interest rates, existing fiscal and regulatory handicaps should be

reformed to enable commercial banks to compete more fairly, he argued.

Mr Mayoux described the bank's results for last year as "very satisfactory." Consolidated group net profits were 41 per cent higher at FF 1.3bn compared with FF 927m the year before while net profits of the bank increased 24.5 per cent to FF 660m from FF 530m.

Société Générale's gross operating earnings rose 21.7 per cent to FF 8.5bn with domestic operations accounting for FF 5.8bn of the total. New doubtful loan provisions amounted to FF 5.5bn compared with FF 4.2bn in 1984.

Group total assets amounted to FF 738.2bn at the end of last year. This was 11.7 per cent lower than the year before, reflecting the fall of the dollar. Total group deposits amounted to FF 254bn while out-

standing group loans totalled FF 328bn at the end of last year. Société Générale intends to strengthen its capital resources by issuing new non-voting shares this year. The bank issued FF 600m worth of non-voting shares in 1984 and a further FF 700m last year. This type of stock now represents about 17 per cent of the bank's capital.

Under existing regulations for state groups, the bank can issue new non-voting shares up to 25 per cent of its capital. Eventual privatisation, however, could offer state banks and industrial groups greater possibilities to tap financial markets for equity funds.

Société Générale's results follow the recent announcement by Crédit Lyonnais, the second largest French nationalised bank, of a 19.8 per cent net profit increase to FF 42m.

BNP plans issue to raise FF 3.88bn

By Paul Betts in Paris

BANQUE NATIONALE DE PARIS (BNP), France's highest nationalised bank and the world's sixth largest banking group, yesterday reported a 21.6 per cent rise in consolidated net group earnings to FF 1.86bn (\$264m) last year from FF 1.5bn the previous year.

The BNP parent company saw its net earnings increase by 18.3 per cent to FF 720m last year from FF 619m in 1984.

The bank also announced details yesterday of a new, non-voting shares issue - or so-called *certificats d'investissement* - which will raise FF 3.88bn in fresh capital. The issue involves 8m non-voting shares issued at FF 485 each and represents a significant move on the part of BNP in preparation for future privatisation.

BNP, like the other two large French banks nationalised after the last war, Société Générale and Crédit Lyonnais, has also been included in the new Government's privatisation programme.

More-over, BNP is testing new ground on the Paris equity market because its non-voting shares, unlike others issued up to now by nationalised companies, do not give holders the right to preferential dividends.

BNP said yesterday it had made group provisions for doubtful debts last year totalling nearly FF 4.9bn. This was 5.2 per cent lower than the provisions of FF 5.1bn a year earlier. The group's net interest income rose 4.9 per cent to FF 27.8bn.

BNP's gross group operating profits rose 7.8 per cent to FF 8.8bn last year from FF 8.14bn the year before. The parent company's net interest income rose 4.1 per cent to FF 22.3bn. BNP's total group assets declined by 2 per cent to FF 930.8bn last year reflecting the lower value of the dollar. At constant value, BNP said assets would have increased by more than 5 per cent.

European unit helps gain at Allied Signal

By Terry Byland in New York

ALLIED SIGNAL, the US industrial conglomerate, said strong performances by its European automotive operations and its fibres divisions had helped produce a 20 per cent gain to \$180m in profits for the first quarter of the year.

Net earnings are down from \$1.37 to 96 cents because of the doubling of issued equity capital brought about by last year's merger of Allied and Signal.

Operating profits from the group's three business segments - chemicals, aerospace, automotive and electrical products - had jumped 73 per cent to \$154m, said Mr Edward Hennessy, chairman, reflecting strength at both the new business taken on with the acquisition of Signal and also the former Allied divisions.

The favourable trend of results is expected to continue into the second quarter. Lower oil prices, which have sliced net earnings at Union Texas Petroleum by \$44m, should provide cost benefits to the chemical and fibres operations. Allied's stake in Union Texas was cut to 50 per cent last year.

Mr Hennessy commented that the environment of lower interest rates and a weaker dollar should be favourable for Allied's core businesses.

Sharp rise at Du Pont

By Our Financial Staff

DU PONT, the largest US chemicals group, has followed the trend set by its smaller rivals by announcing a sharp rise in first-quarter net earnings.

Net profits jumped from \$143m, or 59 cents a share, to \$404m, or \$1.67. The 1985 figure includes an unusual charge of \$131m, or 55 cents, for an early retirement programme and a disposal.

The year-earlier period was also restated to reflect a change in accounting practices. Sales in the latest quarter slipped to \$7.17bn from \$7.21bn.

Alusuisse

ALUSUISSE, the Swiss aluminium group, emphasises that it has no plans to shut down or dispose of its smelter at the LMG plant in Essen, West Germany.

The aluminium unit in Essen which, as reported in yesterday's Financial Times, it intends to close or, if possible, sell is a continuous casting unit producing sheet metal attached to the smelter. Fewer than 100 jobs are at stake, the company says.

The smelter, one of the largest in the group with an annual capacity of 133,000 tonnes, is not part of Alusuisse's current divestment programme.

Norsk Hydro suffers 46% profit setback

By Fay Gjester in Oslo

NORSK HYDRO, the Norwegian industrial and energy group, reported a 46 per cent drop in after-tax profits for the first quarter of 1986 compared with a year earlier.

The drop reflected the write-down of oil product inventories following the drop in oil prices and the inclusion under operating costs of petroleum exploration expenditure which had previously been capitalised.

Net after-tax profit for the three months was Nkr 345m (\$49.2m), or Nkr 4 a share, compared with Nkr 644m, or Nkr 7.50, in January to March 1985 despite a rise in turnover to Nkr 12.2bn from Nkr 9bn. Depreciation, depletion and amortisation accounted for Nkr 670m (Nkr 570m) and other operating costs for Nkr 10.5bn (Nkr 8.6bn), leaving operating income at Nkr 1bn (Nkr 1.8bn).

Norsk Hydro said the sharp drop in oil prices had so far led to substantial write-downs on inventories of oil products and other goods. On the other hand, the price fall had had only a limited positive effect on results, so far-through lower costs for purchased oil and gas in the first quarter.

The benefit of the lower prices will be more apparent during the second quarter and will have a stronger influence on the result for the second half-year.

There were declines in operating income for all the group's activities except agriculture, where operating income rose to Nkr 280m from Nkr 210m. For oil and gas the figures were Nkr 670m (Nkr 1.3bn), for light metals Nkr 155m (Nkr 238m), for petrochemicals a loss of Nkr 35m compared with a profit of Nkr 25m.

Volvo wins bid for full control of Sonessons

By David Brown in Stockholm

VOLVO, the Swedish motor, energy and foods group, announced yesterday that it had succeeded in its SKr 1.3bn (\$193m) bid to take full control of Sonessons, its biotechnology, pharmaceuticals and light industrial affiliate.

Volvo said that it had acquired more than 90 per cent of the shares following two days of negotiations with the Crafoord family and its foundation which were blocking the bid by refusing, for tax and other reasons, to sell their crucial holding of 12.9 per cent.

Having passed the 90 per cent shareholding hurdle, Volvo now gains access to Sonessons' liquid and other assets and will be able to drive through its restructuring plan which includes the sale of the south Swedish group's industrial interests.

Volvo plans to add Sonessons' Leo-Ferrous pharmaceuticals and biotechnology operation to its own growing holdings in the sector. The negotiations produced an elaborate arrangement under which the Crafoord family will be able to reduce its tax burden on capital gains from an accepted bid.

Moreover, the Crafoord interests received guarantees which, are aimed at securing "an independent and strong position" for the Crafoord family which is part of the Sonessons group (and was originally founded by a family member). This will give them an option to subscribe to shares bringing their total holding in Gumbro to 20 per cent, the equivalent held by Volvo.

The two parties have also agreed to "seek an additional owner for a further 20 per cent stake."

US insurers bounce back

By Our New York Staff

FIREMAN'S FUND, the Californian property/casualty insurer spun off last year by American Express, and Chubb, another major US property/casualty group, both posted sharply higher operating and net earnings in the 1986 first quarter.

Fireman's Fund said its operating earnings had bounced back to \$30m, or 45 cents a share, compared with a loss of \$3.2m a year earlier, while Chubb reported net operating earnings of \$45.1m, or \$1.25, up 86 per cent from \$24.2m, or 77 cents, in the 1985 period.

After realised gains of \$14.1m compared with \$600,000, Chubb posted final net earnings of \$39.2m, or \$1.07, more than double the

\$24.8m, or 78 cents, a year ago. Fireman's Fund net earnings in the latest period totalled \$30.3m, or 46 cents, compared with a \$3.2m loss last year and came on consolidated revenues which grew by 4.7 per cent to \$448m from \$410m.

The group, which recently announced plans to acquire Manufacturers Hanover Mortgage, the nation's third-largest mortgage banker, for \$260m in cash, said property-liability net premiums written were up 2.6 per cent to \$845m in the latest quarter and earned premiums grew by 5.5 per cent to \$720m.

The group's underwriting loss ratio improved nearly 11 points to 111.7 per cent in the latest quarter

be extended to its large overseas workforce.

Earlier this week Exxon announced that its first-quarter net income had jumped by 29 per cent to \$1.7bn, and Exxon shares have been hitting a peak recently. However, the company has warned that its recent strong earnings performance cannot continue in the wake of the dramatic drop in oil prices.

Exxon's shares, which hit a record of \$58 earlier this week, were unchanged yesterday morning at \$57.74.

Simmons out of shipping battle

By Our Financial Staff

MR HAROLD SIMMONS, the Dallas financier, appears to have withdrawn from the battle for Sea-Land, the big US container shipping group, for which he launched a takeover attempt earlier this year.

CSX, the US railroad group which earlier this week announced a friendly \$850m bid for Sea-Land, has bought for \$5 a share call options to buy at an exercise price of \$28 a share all the 9.2m shares owned by companies controlled by Mr Simmons.

The shares represent about 39.5 per cent of the outstanding Sea-Land shares. Mr Simmons had been offering \$28 for the remainder. The options can be exercised from July 15 to August 31.

Sea-Land said its board would meet today to consider the CSX approach.

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Indosuez shakes off problems

By Our Paris Staff

BANQUE INDOSUEZ, the international orientated French banking group, saw net consolidated profits rise by 11.5 per cent last year to FF 325.5m (\$48.2m) after being adversely affected by the decline in the dollar and the earnings from its Saudi Arabian activities.

Last year's profit increase follows the sharp 34 per cent rise in earnings in 1984 but still leaves the bank with a stronger earnings performance than most French banks.

Indosuez's Saudi subsidiary - Al Bank al Saudi al Fransi - contributed only FF 27m, or 0.5 per cent, to group earnings compared with 25 per cent in 1984 and 50 per cent the previous year.

Sacilor, Usinor cut losses to FF 8.8bn

By David Housego in Paris

SACILOR and Usinor, the two state-owned French steel groups, yesterday reported combined losses last year of FF 8.8bn (\$1.26bn) almost half those of 1984.

The results were in line with expectations and came at a time when the Government is providing fresh funds for the industry while carrying out a review of its future. It has asked Mr Jean Gandois, the former president of Rhodé-Poulenc, who was called in by the Belgian steel producer Cockerill-Sambre to help its restructuring, to make proposals for the French industry.

Of last year's losses, FF 3.4bn was attributable to Usinor, whose activities are focused on the coastal steel mill of Dunkirk. Sacilor, the

Lorraine-based producer, which has now taken over control of the two groups' engineering steels and long products divisions, lost FF 5.3bn.

The figures take account of a transfer from Usinor to Sacilor of FF 1.1bn as its share of losses from the two divisions. They also take account of a combined total of FF 3.5bn of exceptional costs to cover rationalisation and cuts in the workforce.

A further FF 5bn is expected to be injected by the Government into the steel industry this year - though the bulk of this represents an advance on funds already pledged and intended to wipe out existing losses.



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National Westminster Bank Group

Exxon offers 40,000 early retirement

By William Hall in New York

EXXON, the world's biggest oil company, has offered an early retirement package to its 40,000 US employees, more than a quarter of its total, as part of a plan to implement "significant reductions" in its total labour force.

The early retirement package is the first indication of the scale of the workforce reduction which Exxon is seeking as part of the recently announced reorganisation of its worldwide activities.

Exxon said the early retirement package would be offered to all dollar-paid employees until the end of

next month. The company refused to indicate what sort of workforce reduction it was seeking but said it was looking for people taking early retirement were insufficient to meet what it would seek compulsory redundancies.

Exxon's workforce has dropped from a peak of 180,000 in 1981 to 149,000, mainly through natural wastage. However, some 4,500 employees have left under previous early retirement plans and 1,200 through involuntary retirement.

Exxon refused to say whether the latest early retirement offer would

be extended to its large overseas workforce.

Earlier this week Exxon announced that its first-quarter net income had jumped by 29 per cent to \$1.7bn, and Exxon shares have been hitting a peak recently. However, the company has warned that its recent strong earnings performance cannot continue in the wake of the dramatic drop in oil prices.

Exxon's shares, which hit a record of \$58 earlier this week, were unchanged yesterday morning at \$57.74.

INTERNATIONAL COMPANIES and FINANCE

NOTICE OF PREPAYMENT
THE MITSUBISHI BANK
LIMITED(Incorporated in Japan)
US\$20,000,000Callable Negotiable Floating Rate
Dollar Certificates of DepositNo. FRCM5 00001 to FRCM5 00040
Issued on 4th June 1982
Maturity Date 8th June 1987

Optionally Callable on 6th June, 1986

Notice is hereby given that in accordance with the Clause of the Certificates of Deposit (the "Certificates") The Mitsubishi Bank Limited (the "Bank") will prepay all outstanding Certificates on 6th June, 1986 (the "Prepayment Date"), at their principal amount.

Payment of the principal amount, together with accrued interest to the Prepayment Date, will be made on the Prepayment Date against presentation and surrender of the Certificates at the London Branch of the Bank.

Interest will cease to accrue on the Certificates on the Prepayment Date.

The Mitsubishi Bank, Limited
London Branch
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25th April 1986

Gains on securities
nurse FCA to health

BY OUR NEW YORK STAFF

FINANCIAL CORPORATION OF America (FCA), parent of the largest US savings and loan associations, which is being nursed back to financial health after nearly collapsing in 1984, earned \$48.1m, or \$1.21 a share, in the first quarter of this year after taking a \$85.5m gain on the sale of loans and mortgage-backed securities.

FCA showed a loss of \$38m, or \$1.17, in the same period last year.

FCA's shares - which have more than trebled in value in the last year to a peak of \$174 as falling interest rates have boosted its recovery prospects - fell by \$2 1/4 to \$12 1/2 after the figures were announced.

Mr William Popejoy, who was brought in as chief executive after US regulators had ousted Mr Charles Knapp, FCA's founder, said his company had posted a \$7.2m pre-tax net operating loss for the quarter.

Wall Street appeared to be disappointed that, despite favourable interest rates, FCA was still not able to operate profitably without the help of special gains on loans and securities.

Great Western Financial, one of FCA's main competitors, meanwhile, reported it had more than doubled its first-quarter net income

to \$70.8m, or \$1.75 a share, against \$31.8m, or 80 cents.

Mr Popejoy warned that "this calibre of performance" at FCA should not be expected in future quarters, unless the interest rate continued to improve. He also commented on the "challenging and stubborn problems" which still existed in the area of scheduled items, the equivalent of a bank's non-performing loans.

Scheduled items rose to a peak of \$1.98bn at end-February and had slipped back to \$1.65bn or 7 per cent of total regulatory assets at the end of March. This compared with \$1.7bn at the end of 1985 and \$1.3bn a year ago.

Shell US
income
falls 6.8%
in quarter

By Our New York Staff

SHELL OIL, the US subsidiary of the Royal Dutch/Shell group, reported a 6.8 per cent drop in first-quarter income in the first quarter, but noted that its funds from operations rose by 12.9 per cent to \$974m.

Mr John Bookout, Shell Oil's president, said: "Despite lower crude oil prices, funds from operations improved because of increased crude oil and natural gas production, greater refined product sales volumes and higher margins for oil and chemical products. Earnings declined, however, because of the effect of higher depreciation and other non-cash charges."

While the sharp decline in oil prices had reduced oil and gas exploration and production earnings by \$160m to \$201m, the company had benefited from earnings in the chemicals and downstream operations. Oil products earnings jumped from \$8m to \$61m, and chemicals earnings jumped from \$13m to \$72m.

Mr Bookout said Shell Oil's basic strategies were unchanged by lower oil prices. Gas exploration and development drilling and seismic activity this year were expected to be about 10 per cent less than originally planned.

"We have not changed our previous capital and exploration spending estimate of \$3.8bn for 1986 because property acquisition opportunities may arise that will offset reductions now anticipated from reduced costs and deferral of some spending."

Profits decline at
Cummins Engine

BY TERRY DODSWORTH IN NEW YORK

CUMMINS ENGINE, the independent US diesel engine supplier to the truck industry, suffered a sharp fall in profits in the first quarter and said that it expected earnings would continue "under pressure" for the next two quarters.

Net income amounted to \$3.7m, or 38 cents a share, against \$29.3m, or \$3.08, in the same period of last year. Sales declined by 10 per cent to \$516.9m, from \$573.2m.

The company said that the lower sales reflected a drop of about 25 per cent in the production rate of North American trucks, compared with last year, while heavy stock-building by a leading customer in the final part of last year also reduced first-quarter shipments.

Cummins added that there may be an upturn in demand for North American heavy-duty trucks later in the year. It was expecting 1986 heavy truck production to reach about 130,000 units, 10,000 fewer than in 1985.

The company said that its own share of the market for engines in the North American market had increased to 57.5 per cent during January and February, from 56.2 per cent for 1985, mainly due to a continued strong performance by its fuel-efficient engines. It was achieving success with its cost-reduction programmes, but as a result of soft demand, increasing sales of new engines had not yet achieved target margins and start-up costs of new businesses.

Baker International in
loss after write-off

BY WILLIAM HALL IN NEW YORK

BAKER International, the California-based oil field services group, reported a \$254.9m second-quarter loss after taking a \$340m after-tax charge.

The company has been hit by the dramatic reduction in oil exploration following the collapse of world oil prices and had already announced that it was going to take a write-off in its second quarter. The charge reflects the change in present and expected future activity levels in its principal markets.

Baker International's annual earnings peaked at \$248.6m in 1982 and then collapsed to a loss of \$83.5m in 1985. Last year they rose

to \$17.1m to \$87.7m. For the first six months of Baker's fiscal year to September, the group has reported a loss of \$238.5m, or \$3.41 a share, compared with net income of \$38.7m, or 53 cents, in the corresponding period of last year.

The impact of the write-off was partly cushioned by an extraordinary \$45m after-tax gain on the termination and replacement of the group's principal retirement plan. Excluding the unusual charge and the reversion gain, pre-tax operating income was \$8.2m in the latest quarter. Revenues fell by 9 per cent to \$436.8m.

Yen puts paid
to Minebea bid

By Lionel Barber in London

TRAFALGAR/GLEN, an Anglo-US investment group, said the strength of the yen had thwarted its plans for a takeover bid for Minebea, the Japanese precision ballbearing manufacturer, "at the present time."

Trafalgar/Glen confirmed that it had sold 21m shares in Minebea and \$10.5m of its Eurodollar convertible debentures. However, it still holds warrants exercisable into 60m shares of Minebea stock, according to Mr Terence Ramsden, chairman of Glen International.

Mr Charles Knapp, chairman and chief executive of Trafalgar Holdings, said the strength of the yen against the dollar had created substantial profits for Trafalgar/Glen.

Austrian Airlines' total
revenues rise by 7.5%

BY PATRICK BLUM IN VIENNA

AUSTRIAN AIRLINES, the state-owned carrier, has reported further growth in 1985 with total revenues rising by 7.5 per cent to just under Sch 7.1bn (\$443m) last year from Sch 6.6bn in 1984.

Gross profits before tax, allocations to reserves and provisions for depreciation increased by more than 15 per cent from Sch 1.07bn in 1984 to Sch 1.24bn last year.

The company added that 81 per cent of investments made in 1985, worth Sch 1.7bn, were self-financed.

The number of passengers carried rose slightly to more than 2m. Charter passenger numbers declined but scheduled passengers re-

corded a 5.5 per cent increase to about 1.5m.

The airline will decide by July whether to resume long-distance flights. This has been discussed for some time, and the airline is looking specifically at the Far East and the North Atlantic.

In the early 1970s, the company dropped out of the race for prestige routes and concentrated, instead, on more flexible markets. It gradually built up the number of its destinations in Europe, both East and West, and in the Middle East and North Africa. The strategy has proved successful bringing steady profits since 1970.

North American quarterly results

ANNHEUSER-BUSCH Brewer			FARMCHILD INDUSTRIES Aerospace			HOLIDAY COMP. Hotels			PROCTER & GAMBLE Toiletries, consumer products			TAMMAMCO Consumer hygiene products		
First quarter	1986	1985	First quarter	1986	1985	First quarter	1986	1985	Third quarter	1986-88	1984-85	First quarter	1986	1985
Revenue	1,780	1,540	Revenue	280.7	183.8	Revenue	267.5	427.2	Revenue	114.4	96.4	Revenue	11.8	8.7
Net profit	102.1	90.5	Net profit	7.2	11.1	Net profit	13.8	33.7	Net profit	10.7	12.4	Net profit	18.7	12.4
Net per share	0.95	0.82	Net per share	0.30	0.45	Net per share	0.77	1.8	Net per share	0.95	0.98	Net per share	1.51	1.12
CYPRUS MINERALS Mining, resources			HASBRO Toys and games			HONOLULU SOUTHERN Railroad			SUNBELT Food, consumer products			WALSH STEEL Steel, consumer products		
First quarter	1986	1985	First quarter	1986	1985	First quarter	1986	1985	Third quarter	1986-88	1984-85	Second quarter	1986-88	1984-85
Revenue	191.1	145.8	Revenue	25.4	235.8	Revenue	1,020	862.2	Revenue	1,020	862.2	Revenue	282.4	461.5
Net profit	13.8	72.8	Net profit	18.6	16.8	Net profit	103.7	98.8	Net profit	103.7	98.8	Net profit	51.8	35.1
Net per share	0.50	10.30	Net per share	0.88	0.83	Net per share	1.85	1.39	Net per share	0.91	0.80	Net per share	0.38	0.28

N.S. FINANCE
CORPORATION N.V.U.S. \$20,000,000 Guaranteed
Floating Rate Notes Due
1985/6/7/8Unconditionally guaranteed by
Nederlandsche

Scheepvaartbank N.V. For the six months 24th April, 1986 to 24th October, 1986 the Notes will carry an interest rate of 7 1/2 per annum with a Coupon Amount of U.S.\$177.92 payable on 24th October, 1986.

Bankers Trust
Company, London, Agent Bank

Moscow Narodny Finance B.V.
U.S.\$50,000,000Guaranteed Floating Rate Notes Due 1991
(Redeemable at the Noteholder's option in 1989)

irrevocably and unconditionally guaranteed by

MOSCOW NARODNY BANK LIMITED

In accordance with the Conditions of the Notes notice is hereby given that for the interest period 12th March, 1986 to 12th September, 1986 (184 days) the Notes will bear interest at the rate of 7 1/2 per annum. The Coupon Amount per U.S.\$100,000 Note will be U.S.\$396.11 and per U.S.\$100,000 Note U.S.\$396.11. The Interest Payment Date will be 12th September, 1986.

Agent Bank
Deutsche Bank Compagnie Financière Luxembourg

This announcement appears as a matter of record only.

Crédit d'Équipement
des Petites et Moyennes Entreprises

U.S. \$200,000,000

Multiple Facility
guaranteed by

The Republic of France

Arranger and Lead Manager

Citicorp Investment Bank Limited

Lead Managers

Algemene Bank Nederland N.V. • The Bank of Tokyo, Ltd.
Banque Nationale de Paris • Credit Agricole • Credit Lyonnais
The Dai-ichi Kangyo Bank, Limited • First Chicago Limited
Gulf International Bank B.S.C. • Sanwa International Limited

Co-Managers

Amsterdam-Rotterdam Bank N.V., Paris Branch • Credit Commercial de France
Kansallis Banking Group

Committed Banks and Tender Panel Members

Algemene Bank Nederland N.V. • Amsterdam-Rotterdam Bank N.V., Paris Branch
The Bank of Tokyo, Ltd. • Banque Nationale de Paris • Credit Agricole
Citicorp Investment Bank Limited • Credit Commercial de France • Credit Lyonnais
The Dai-ichi Kangyo Bank, Limited • First Chicago Limited • Gulf International Bank B.S.C.
Kansallis Banking Group • Lloyds Merchant Bank Limited • The Sanwa Bank, Limited
Swiss Bank Corporation

Controller

Credit Lyonnais

Agent

Citicorp Investment Bank Limited

March 26, 1986

CITICORP INVESTMENT BANK

This announcement appears as a matter of record only.

Standard Life

The Standard Life Assurance Company

£210,000,000

Dual Currency Loan Facility

Mandated Bank and Lead Manager

Citicorp Investment Bank Limited

Lead Managers

Samuel Montagu & Co. Limited (UK Sponsor Bank)
Algemene Bank Nederland N.V., London Office • Credit Suisse
The Dai-ichi Kangyo Bank, Limited • Deutsche Bank Aktiengesellschaft
London Branch
The Fuji Bank, Limited • The Mitsubishi Bank, Limited
The Tokai Bank, Limited • Westdeutsche Landesbank Girozentrale

Managers

Banque Nationale de Paris p.l.c. • Banque Paribas (London) • Gulf International Bank B.S.C.
The Mitsui Bank, Limited • The Nippon Credit Bank, Ltd.

Co-Managers

Banque Internationale a Luxembourg • Credit Lyonnais

Provided by

Algemene Bank Nederland N.V., London Office • Citibank, N.A. • Credit Suisse
The Dai-ichi Kangyo Bank, Limited • Deutsche Bank Aktiengesellschaft • The Fuji Bank, Limited
London Branch
The Mitsubishi Bank, Limited • Samuel Montagu & Co. Limited • The Tokai Bank, Limited
Westdeutsche Landesbank Girozentrale • Banque Nationale de Paris p.l.c. • Banque Paribas (London)
Gulf International Bank B.S.C. • The Mitsui Bank, Limited • The Nippon Credit Bank, Ltd.
Banque Internationale a Luxembourg • Credit Lyonnais

Advisor to Borrower

Bank of Scotland

Agent

Citicorp Investment Bank Limited

March 7, 1986

CITICORP INVESTMENT BANK

INTERNATIONAL COMPANIES and FINANCE

Price falls deter fixed-rate issuers

BY CLARE PEARSON

NEW ISSUERS in the Euro-bond market steered clear of the fixed rate Eurodollar sector yesterday after recent selling pressure had sent prices of seasoned fixed rate bonds tumbling. Syndicate managers focused instead on floating rate notes and equity-related deals, where investor demand is firm.

The dollar floating rate note sector has recently benefited from a generally positive differential between short-term funding rates and three- and six-month interest rates. The market has also attracted defensive buying from investors nervous about fixed rate price falls. Bankers say, however, that buying interest remains highly selective.

Merrill Lynch issued a \$300m floating rate note for Citicorp. The bond has a 12-year life and pays a point over three-month London interbank bid rate. It is non-callable for the first five years and thereafter at par. Fees total 60 basis points. The coupon is set at par. The issuing vehicle is Morgan Guaranty GmbH, which lends the proceeds on to BCI Morgan Guaranty quoted bid a price of 99.90.

On the equity warrants front, Morgan Stanley and Arab Banking Corporation lead-managed an innovative issue of warrants on their own shares of Royal Dutch Petroleum. The issuing vehicle is Falcon Pass Through Securities, which holds 2 1/2m Royal Dutch shares lodged with Bankers Trust as trustee. The issue is thus a secondary offering and involves no dilution.

Current owners of the shares are thought to be a small group of institutions, which benefit from the dividends until the warrants are exercised.

There are 5m warrants, each priced at \$11.25 and each exercisable into two shares for five years from May. The exercise price is Ft 195 per

share, which is slightly below the current share price. Yamachi International (Europe) issued a \$30m equity warrant bond for Nippon Synthetic Chemical. The five-year bond carries an indicated coupon of 3 1/2 per cent. Final terms will be fixed on April 30.

Air California's \$30m convertible was priced with a coupon of 3 1/2 per cent and a conversion price of \$11.75 per share, representing a 10.5 per cent premium. The \$30m convertible bond for Granges Exploration was priced with a coupon of 7 1/2 per cent and a conversion price of \$6.15 per share, representing a premium of 18 per cent over the closing price of the shares in Toronto on April 22. The exchange rate is C\$1 to US\$0.72.

The sterling Eurobond market traded nervously in a narrow range as traders concentrated on the New York market, which brought no clear direction.

Baring Brothers launched a \$30m, 20-year issue for Wellcome, the international pharmaceutical group. The coupon is 8 1/2 per cent and the issue price 100 1/2. This gave an all-in-cost of 10 per cent, or 100 basis points over the reference gilt at issue. The bond is partially paid, with 20 per cent due in three years and the balance in five.

There were two Australian dollar issues. Bankers Trust issued an A\$50m 13 1/2 per cent, three-year bond for Credit Italiano. Morgan Stanley launched an A\$100m bond for Montedison, the Italian chemicals company. The ten-year zero-coupon bond was priced at 31.25 per cent, to give a yield in five years both priced at 33 per cent.

In the absence of an announcement of a discount rate cut yesterday, the D-mark sector saw price falls of up to 1/2 per cent in thin trading. Deutsche Bank launched a DM 60m bond for Parker Hannifan, the US engineering company. The coupon is 5 1/2 per cent and the bond matures in 1994.

The expected private placement for Sumitomo Realty and Development, the largest Swiss France convertible ever, was launched by Credit Suisse. The SF 500m five-year bond has an indicated coupon of 1 1/2 per cent

Peter Montagnon examines the effects of a year of freedom on a European market
Foreigners slow to try liberalised Germany

ALMOST a year after liberalisation of West Germany's capital markets, bankers in Frankfurt say they have no regrets. Business volume has soared, profits are up and a range of new instruments has been introduced to the market.

In the space of 12 months business has changed out of all recognition. This month alone banks registered a prospective total of DM 9,000m in new foreign bonds—a figure that would have represented a whole year's business at the start of the decade.

Admittedly the market has been lively. Declining interest rates and a belief that the D-Mark was ripe for appreciation have boosted foreign demand for German paper—for government bonds as well as Eurobonds. Times could get tough again if interest rates started to rise, especially if this coincided with a new assault on market share by foreign banks.

For the time being, however, bankers are seeking only relatively small changes in the new liberal regime. Two concerns have emerged: the first is the calendar system which causes large numbers of bonds to be registered that never actually see the light of day; and the second is the continuing imposition of stock exchange turnover tax, which has driven trading of floating

rate notes to other centres, notably London.

On the first issue, the banks expect some relief from the Bundesbank.

The central bank is entirely untroubled by the huge volume of foreign bonds. Officials say

notice banks need to give of their intention to bring an issue, and of facilitating swap business, which has been impeded under the present regime.

Were that to happen, the wide discrepancy between the volume of registered issues and

securities by foreigners were DM 16.54bn in February against DM 14.39bn in January and DM 5.35bn in February 1985. However, the Bundesbank comments that its high levels of sales underline the short-term, current-driven nature of much of this huge wave of speculative activity.

The amount that is actually launched could disappear. That would remove uncertainty from the secondary market, which paper it will have to absorb. It might also increase slightly the overall level of business. Some swap deals which have been impossible up until now could be executed, and the launch lead time would be reduced.

The Bundesbank is much less sympathetic to requests from a number of commercial banks that equity warrant issues should be excluded from the registration process. The bankers argue that these issues

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Algeria returns for \$300m

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

ALGERIA is raising a further \$300m in the Eurocredit market through an eight-year deal for its rural development bank which has been fully underwritten by Arab Banking Corporation of Bahrain.

The credit follows hard on the heels of a \$300m credit for Algeria which was led by Industrial Bank of Japan and cut from an originally planned \$500m because of resistance to its 10-year maturity and low 1/2 per cent margin over London interbank offered rates (Libor).

For the new deal Algeria has accepted significantly tighter terms. Not only is the maturity shorter, but the margin will be 1/2 per cent over Libor for the first five years falling to 1/4 per cent thereafter. Repayments begin after a grace period of five years.

Arab Banking Corporation is

seeking 12 lead managers, each willing to underwrite \$25m. It hopes to receive a broad international response including participation from Japanese banks who took almost all of the last deal.

Bankers said they were surprised to see Algeria returning to the market so quickly after this credit, but Arab Banking Corporation said yesterday it was not specifically designed to pick up the shortfall left by the failure of the previous deal to reach its \$500m target.

With the decline in oil prices Algeria is expected to step up its foreign borrowing this year and simply wants to space out its activities to keep a regular flow of business in the market. Banque Algerienne de l'Agriculture et du Développement Rural, which is raising the loan, is new to the Eurocredit.

Founded in 1983, its purpose is to fund rural development which had been neglected previously as Algeria concentrated on the development of heavy industry.

Unlike other Algerian borrowers, it offers little in the way of ancillary banking business. Coupled with concern that Algeria might affect North Africa's credit rating generally, this could deter some potential lenders.

On the other hand, the terms of the new deal are relatively generous by today's standards. The five-year grace period means that banks will receive a high 1/2 per cent margin for the entire period that the full amount is outstanding.

Paper facility for HK group

GUANGDONG Enterprises (Holdings), a Hong Kong-based Chinese trading company, is planning a HK\$250m commercial paper facility. Reuter reports.

The facility is to be lead managed by Citicorp, a subsidiary of Finance Co (Hong Kong), a Bank of China subsidiary, and Paribas Asia.

This will be the first such facility for a Chinese borrower. Two other companies, China Resources and China Merchants Steam Navigation, are also studying this funding technique.

Copenhagen bourse sees first corporate bond

DANSKE BANK, one of Denmark's two biggest commercial banks, plans to issue a series of bonds with maturities of from four to 10 years, Hilary Barnes writes from Copenhagen.

The operation will allow the bank to "meet customers' demands for medium-term finance, the bank said.

This is the first time that a bank has begun to issue fixed rate bonds. There are no corporate bond issuers, although the Danish bond

market is large and well-developed. The outstanding value of government bonds quoted on the Copenhagen Stock Exchange is around DKK 360bn with mortgage bonds totalling DKK 540bn.

Danske Bank's plans are also intended to counter initiatives from the insurance and mortgage credit institutions, which have begun to move into financial sectors hitherto regarded as the exclusive preserve of the banks.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on April 24

US DOLLAR						Change on					
STRAIGHTS						STRAIGHTS					
Issued	Bid	Offer	Day	Week	Yield	Issued	Bid	Offer	Day	Week	Yield
Ampco Co. 9 1/8 1986	200	100 1/10	-0 1/8	-2 3/8	8.33	Am. Elec. C. Co. 9 1/8 1986	200	94 1/2	-0 1/4	-12 3/4	12.91
Am. Elec. C. Co. 9 1/8 1986	200	94 1/2	-0 1/4	-12 3/4	12.91	Am. Elec. C. Co. 9 1/8 1986	200	94 1/2	-0 1/4	-12 3/4	12.91
Austroco 11 1/2 1985	200	11 1/2	-0 1/8	-1 3/8	1.15	Flint Thomas 14 1/8 1985	200	104 1/2	-0 1/4	-10 1/2	12.91
Can. Nat. 11 1/2 1985	200	11 1/2	-0 1/8	-1 3/8	1.15	Flint Thomas 14 1/8 1985	200	104 1/2	-0 1/4	-10 1/2	12.91
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Can. Nat. 11 1/2 1985	200	11 1/2	-0 1/8	-1 3/8	1.15	Flint Thomas 14 1/8 1985	200	104 1/2	-0 1/4	-10 1/2	12.91
Can. Nat. 11 1/2 1985	200	11 1/2	-0 1/8	-1 3/8	1.15	Flint Thomas 14 1/8 1985	200	104 1/2	-0 1/4	-10 1/2	12.91
Can. Nat. 11 1/2 1985	200	11 1/2	-0 1/8	-1 3/8	1.15	Flint Thomas 14 1/8 1985	200	104 1/2	-0 1/4	-10 1/2	12.91
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INTL: COMPANIES & FINANCE

Kenneth Gooding looks at the new Mercedes heavy van range
Daimler seeks exports key to US

DAIMLER-BENZ is hoping to find a profitable way of exporting Mercedes heavy vans to the US. The West German group will choose the vans from the completely new range, called the T2, it launched in Europe this week to replace the 19-year-old Dusseldorf models.

The new vans were developed with North America in mind but Mr Bernd Borkes, head of the group's sales planning, says preliminary studies of exporting to the US from West Germany "have not been very encouraging."

Mr Borkes suggests there is no lack of demand in the US: large fleet customers in particular are crying out for a vehicle of its type with a modern diesel engine.

So the company is also examining the possibility of building some T2 vans in Brazil for consequent export to the US where the group is already well-established and owns the Freightliner trucks concern as well as selling Mercedes heavy vehicles.

The T2 range, covering gross vehicle weights mainly between 4 and 5 tonnes but with versions at 4.5 tonnes for some markets—was developed at the cost of well over DM 100m (\$45.5m). Although they are in a low-volume sector of the market, the T2 models are vitally important to Daimler-Benz.



One of the T2 trucks—looking for route to North America.

total commercial vehicle attraction.

Not only has the group dominated the sector in its domestic market with a 70 per cent share of sales of vehicles between 4 and 5 tonnes gross weight, Daimler-Benz also last year accounted for 36 per cent of the total West European sales of vans and trucks in this category.

The T2 models have an important role to play in Spain, the

many years are gradually dismantled.

Last year Daimler sold 19,000 of the old Dusseldorf models, including parts-sets for assembly outside West Germany. Of the total, 12,500 were built-up vans and 900 were buses or bus chassis. Some 7,000 were sold in West Germany.

The company has set itself the target of lifting sales of built-up T2 vehicles from last year's 13,400 to 15,500 by 1990. By then West European annual demand for vans of the T2 type, which has fallen steadily from the peak of 105,000 in the mid-1970s to 71,000 last year, should have recovered to 80,000.

Daimler-Benz took 35.4 per cent of last year's total, Iveco (the Fiat subsidiary) 17 per cent, Ford 10.4 per cent, Renault 7.5 per cent, the joint Volkswagen-MAN 5.9 per cent, General Motors-Bedford 3.9 per cent, BL 3.7 per cent and the Japanese 4.8 per cent.

Daimler can afford to launch a low-volume vehicle like the T2 because the new range was developed in conjunction with the L2N light truck models, introduced two years ago. More than half the T2 cab components are identical with those in the L2N trucks—in fact only 20 per cent of the T2 parts are exclusive to that range.

Tata Fertilisers plans Rs 4.64bn funding

BY JOHN ELLIOTT IN NEW DELHI

TATA FERTILISERS is planning India's largest public share and debenture issue, this autumn to raise Rs 4.64bn (\$378.6m). The funds will go towards financing a Rs 7.5bn fertiliser plant to be built over a cross-country natural gas pipeline.

The investment is one of a series totalling more than Rs 20bn which will strengthen Tata's position as India's largest industrial empire, with assets of between \$3bn and \$4bn and annual turnover in excess of \$4bn.

The expenditure includes Rs 10bn to be spent by Tata Iron and Steel (TISCO), Rs 8bn on power station expansion by Tata Electric, and Rs 2bn to be invested by Tata Engineering and Locomotive (TELCO) if the Indian Government approves a plan for it to produce cars in partnership with Honda of Japan.

A number of smaller high-technology ventures are planned.

by Mr Ratan Tata, 48-year-old chairman of Tata Industries. He is the heir apparent to 81-year-old Mr J. R. D. Tata, at the head of the empire, and has drawn up a plan for high technology investments.

They include expenditure totalling between Rs 300m and Rs 400m in telecommunications, including tie-ups with Oki Electric of Japan, Siemens of West Germany, and possibly NTT of the US.

There is also a biotechnology link-up with Nature Plants of the US, a process control venture with Honeywell-Yamatoka, and computer developments including an existing Singapore-based venture with Elksi and Trilogy Systems of the US.

Tata Fertilisers is planning its capital raising exercise at a time when the boom on Indian stock exchanges has abated. A number of other major groups, including Reliance and the Birla family, are also planning large share

and debenture issues which may eventually be larger than the Tata issue and will rival it for funds.

About 35 per cent of the Rs 7.5bn will be taken up by various Tata interests and associates and a further Rs 1bn or more may be earmarked for Indians living abroad. This will probably leave more than Rs 3bn in equity and debentures to be raised on domestic share markets from the private and public sector financial institutions.

The issue will be considerably bigger than the previous biggest money-raising exercise, Reliance Textile's Rs 2.7bn debenture issue last year.

The fertiliser plant is located at Bahara in Uttar Pradesh. It is one of six being built along the 1,700 km Hazira-Bijapur-Jagdipour natural gas pipeline which is about to be constructed by a French-Japanese

consortium led by Spie-Capag of France.

The Birla group of companies, which rivals Tata, is involved in two of the plants. Zuari Agrochemicals, run by Mr K. K. Birla, is building a plant at Sawai Madhopur in Rajasthan and is expected to go to the stock market later this year.

Gwalior Rayon, run by Aditya Birla, earlier this month acquired a 29 per cent stake in a plant at Jagdishpur in Uttar Pradesh from Gnit Consolidated Company for Services and Industry of Abu Dhabi.

One of the private sector plants has been awarded to Caparo of the UK, linked with Apeel of Calcutta, the family companies of Mr Swraj Paul, an Indian-born Loodoo businessman who is expected by the Government to raise substantial funds from Indians resident abroad.

These securities having been sold, this announcement appears as a matter of record only.

April 1986



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Application has been made to the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland ("The Stock Exchange") for the Notes to be admitted to the Official List.

Interest on the Notes will be payable quarterly in arrear in February, May, August and November.

Particulars of the Notes and of the Society are available in the statistical services of Extel Statistical Services Limited. Listing Particulars for the Notes may be obtained during usual business hours up to and including 29 April 1986 from the Company Announcements Office of The Stock Exchange and up to and including 9 May 1986 from the following:

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25 April 1986

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March, 1986

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THE PROPERTY MARKET BY MICHAEL CASSELL

£100m finance plan by Stock Conversion

STOCK CONVERSION had this week been pressing firmly on with its campaign for an independent future, right up until the time that the P & O group went off.

The group, which has taken on a new lease of life since Stockley snatched the 26.5 per cent stake now being used as a launching platform for the P & O bid, had just let it be known that it was in the market to raise £100m to finance the next phase of its expanding development programme.

Stock Conversion, which has been virtually debt-free since it paid off its last debenture loan a couple of months ago, was on the verge of arranging the £100m facility, although the precise form of the financing package has not been decided.

The money was intended to ensure that the recently revived emphasis on new development was maintained and to provide resources for any necessary acquisitions along the way.

Included in the group's present development programme, which is likely to form a central part in any bid defence, is a proposal for nearly 200,000 sq ft of offices at the Old Bailey in the City of London, a market in which it will this year submit planning applications covering over 500,000 sq ft of office space.

Stock Conversion also has first refusal to purchase the BBC's Langham Island site in

the west end of London; it has submitted plans for 125,000 sq ft of retailing in west London and, on a longer-term basis, has plans to develop its extensive industrial land holdings outside Gloucester.

News of the proposed loan package came only a few days after Stockley itself revealed that it has arranged a £100m refinancing package to repay existing borrowings and to help finance its own, growing development programme, which includes Stockley Park, near Heathrow, and the Paternoster Square project in the City.

Stockley will now, courtesy of its Stock Conversion stake, also have plenty of cash in hand to ensure it keeps a bigger stake in its created developments. As for Stock Conversion, the money-raising exercise is likely to take a back seat while it redirects its attempts to stay free.

Slough Estates has pre-let its new 88,000 sq ft high-tech building at 222 Bath Road to Celtech, the biotechnology company, at a rent of around £3 a sq ft on a 25-year lease.

Fine Developments (Cambridge) have started work on Number One Cambridge Business Park for the Crown Estate Commissioners. The 14,000 sq ft unit will be let through Moss & Partners, Drivers Jones and Januaries. Asking rent is £88,500 a year.

Gross Fine goes for a quote

GROSS FINE, the London estate agents founded in 1986, plans to go public.

A quotation is being sought by the agents on the Unlisted Securities Market and Le Mare, Martin, the brokers, are arranging to place a proportion of the equity.

Gross Fine, headed by Tony Fine, act on behalf of several major commercial organisations, including the Post Office and the Prudential, and also manages many large blocks of flats in central London.

The company, which has a young management team, expects dealings in the shares to start in late May or early June.

News of the proposed flotation follows confirmation that Chestertons, the London-based agents, and Lalonde Brothers and Parham, the west country partnership, are considering a merger. A hitch in negotiations has apparently, however, postponed any announcement, which is not thought to involve any form of public quotation for the newly-found company.

London and Metropolitan Estates expects detailed planning consent for its Watchmoor Park business complex at Camberley, Surrey, within the next few weeks. The 33 acre site has outline consent for 460,000 sq ft of accommodation.

More retail space for Land Securities

LAND SECURITIES, the UK's largest property development and investment group, is still stepping up its exposure to the retail sector.

The group, which has been a relatively late arrival in the fast-expanding and highly profitable retail warehouse and superstore sector, has just parted with another £20m to maintain the recent momentum of its retail acquisitions.

Last week, Ravenscroft, the group's retail subsidiary, announced it had spent £3m on two superstores and now it has emerged that the company has carried out a series of further transactions around the country.

The latest package includes a number of "blue chip" retail warehouse and food superstore properties. In Birmingham, it has acquired an 80,000 sq ft warehouse, let to Fine Fare and W. H. Smith "Do It All" at an annual rent of £384,000.

In Glasgow the company has purchased a B & Q unit at Baillieston, along with a 35,000 sq ft Harris Queensway warehouse at the Poole retail centre, close to Sainsbury's Homebase and MFI. Rent at the Poole complex is £6 a sq ft.

The 25-acre Speke retail park in Liverpool has also been purchased in the past few weeks. Established traders include names like B & Q, Allied Carpets, MFI Harris Queensway,

Comet and H&M. Still in Liverpool area, Land Securities has agreed terms with Portal (Aintree) for the development of the first phase of the Aintree retail park, which is to be let to B & Q.

Further acquisitions include a 50,000 sq ft MFI store at Doncaster, leased back at a rent of £4 a sq ft, together with a similar deal involving a 38,000 sq ft retail warehouse let at £5 a sq ft to Harris Queensway. Clive Lewis represented Ravenscroft, group subsidiary.

Watergate International has been selected by tendering council to create an 11m retail and leisure park on the 10-acre site which was formerly the home of Clacton football club. The 115,000 sq ft project will include parking for 800 cars and was won in competition against Asda, Citi Developments and Heron Sella.

Chancery Lane property has paid around £1.5m for the long leasehold interest in Arlue House, the 68,000 sq ft office building in Cardiff previously owned by Capital and Counties. Current rental income from the 58,000 sq ft let is £215,000 a year. Jones Lang Wootton acted for Capco and de Morgan represented Chancery Lane.

MEPC lets in Reading

MEPC has got off to a good start at Abbey Gardens, Reading, where two-thirds of its first-phase, 150,000 sq ft office development has been let on completion.

Though no-one is confirming anything yet, the Prudential is taking 77,500 sq ft of floor-space while a subsidiary of Kellogg Trust is to occupy a further 26,500 sq ft. Asking rents on the eight-storey building, which cost £15m to develop, were £13.35 a sq ft and it is understood that about £15 a sq ft was achieved.

The two deals mean that around 45,000 sq ft remain unlet and MEPC has been sufficiently encouraged to start work on the second phase, which will include a further 90,000 sq ft of office accommodation. A third phase of 60,000 sq ft is also planned. Jones Lang Wootton are letting agents.

The group has also just started work on its Orchard Square shopping centre in the centre of Sheffield, where it is developing about 90,000 sq ft of retail space. The project is being carried out in partnership with the City Council and should be trading by the autumn of next year. Letting, through Bernard Thorpe and J. Trevor, has not yet started.

This will be my last property column for the FT, my attention is now on writing about politics rather than property.

Crown Estate to make another mint

RESPECTABILITY continues to seep eastwards beyond the City of London. In a decision which, until very recently, would have been unthinkable, the Crown Estate revealed this week that it is now ready to embark on the £126m redevelopment of the former Royal Mint site, just north of Tower Bridge.

The move to regenerate another part of what has long been regarded as a "no go" area for prime commercial development, is designed to cash in on the shortage of more centrally-located office space and to offer the type of accommodation now being demanded by the financial services community.

The future of the 6.5 acre site has been under review ever since the Mint workshops closed down in 1989—a fairly short period in the context of a Crown Estate which dates back to Edward the Confessor but nevertheless indicative of the location's previous drawbacks and of the planning problems, which first had to be overcome.

The Estate now clearly believes that the sums look right and, with full planning consent in the bag, is looking for partners to carry out one of the biggest office schemes yet planned for London. The nature of the development partnership is up for negotiation but the Estate intends to retain a major ownership interest.

The Mint site is actually in the EC3 postal district but comes within the boundaries of Labour-controlled Tower Hamlets, so any rental savings arising from its off-centre location will, at least, be partially offset by higher rates.

If the scheme—which involves 310,000 sq ft net of office space and also includes residential, retail and leisure space—was available now, rents would be in the region of £35 a sq ft, against £35-plus in the heart of the City. Two and a half years from now, however, the differential may well have changed.

Indeed, if some observers are to be believed, there is a question mark over whether top quality space of this type—up to 60,000 sq ft will be available on one, interlinked, will, by then, be needed. If Big Bang turns into a damp squib, contraction could replace expansion.

Equally, the area could become an integral part of the office market. The powerful consortium which is spending £60m on the nearby 160,000 sq ft Towergate office centre—ready for occupation in early 1988—clearly thinks so. Providing there is room for both projects, the Crown Estate could make another mint.

This announcement appears as a matter of record only.

April 1986

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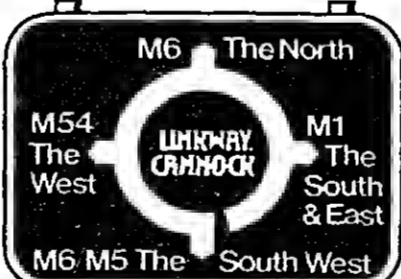
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Nationale Maatschappij der Belgische Spoorwegen (N.M.B.S.)
US\$ 75,000,000 Floating Rate Notes due 1991
The Kingdom of Belgium
(of which US\$ 50,000,000 is being issued as an Initial Tranche)

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from April 23, 1986 to July 23, 1986 the Notes will carry an interest rate of 6 1/4% p.a. The interest payable on the relevant interest payment date, July 23, 1986 against coupon n° 2 will be US\$ 1,690.45 per Note of US\$ 100,000 nominal and US\$ 4,226.13 per Note of US\$ 250,000 nominal.

The Agent Bank
KREDITBANK
S.A. LUXEMBOURGEOISE

CNT

Caisse Nationale des Télécommunications
15,000,000 Japanese YEN Floating Rate Notes due 1997

In accordance with the Conditions of the Notes, notice is hereby given that for the interest period from April 22, 1986 to October 22, 1986 the Notes will carry an interest rate of 4 1/4% p.a. The interest payable on the relevant interest payment date October 22, 1986 against coupon n° 2 will be YEN 241,458 per Note.

The Reference Agent
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The Board of Directors of the Trust Maatschappij Curaçao 2 B.V. (formerly N.V.) at Amsterdam will convene a meeting of the holders of certificates in the Industriële Groeps Club, Dam 27, Amsterdam, on May 14th, 1986 at 3.30 p.m. To be entitled to attend this meeting, holders of certificates are required to deposit their warrants of certificates by May 7th, 1986, with Bank Maas en Hoop N.V., Amsterdam.

B.A.I. FINANCE COMPANY N.V.
US\$70,000,000 floating rate notes 1982/1989 the rate of interest applicable to the interest period from April 24 1986 up to October 24 1986 as determined by the reference agent is 6 1/4% p.a. per annum, namely US\$176.33 per note of US\$55,000.

Clubs

SVV has notified the others because of a policy of fair play and value for money. Notice from 10.00 to 11.00 a.m. on May 15th, 1986. B. E. TAYLOR, Secretary, 71-73 Victoria Street, Wolverhampton.

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Although responsible for maintenance and enhancement of the day-to-day effectiveness of the Department's functions, your principal job will be to develop and implement an information systems strategy for the Bank. You will therefore need sufficient in-depth knowledge to be able to set the appropriate priorities and targets as well as the management skills to ensure that they are met. The role is seen as integral to the Bank's continued success and the capability to understand quickly the Bank's business and information systems needs is essential. As such you will need to be able to communicate effectively at all levels throughout the Bank and previous experience within a banking environment would therefore be an advantage.

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Richard Davies, Logica Consultancy Ltd., 64 Newman Street, London W1A 3SE.

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PRECHOLD INVESTMENT, Kensington Church Street, London W8. Newly built retail unit with residential upper floors. Fully furnished. 2,500 sq. ft. Price £250,000.00. Bank Finance 01-225-9242.

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APPOINTMENTS

Changes at Pilkington Bros

Sir Robin Nicholson, chief executive of the electro-optical division of Pilkington, has been appointed as managing director of PILKINGTON BROTHERS from May 1. He has also taken over the role of sponsoring director of the electro-optical division. He succeeds Dr Dennis Oliver, who will be retiring as an executive director on September 19 on reaching retirement age. From that date, Sir Robin will also assume responsibility at highest level for Pilkington research and development and group engineering. Sir Robin will be succeeded as chief executive of the electro-optical division on September 19 by Mr Trevor Jones, currently deputy chief executive, electro-optical division. Mr Sol May will be retiring as an executive director on July 31. He will be succeeded as executive director responsible for overseas flat and safety glass by Mr Geoffrey May. Mr May will continue for two years as a director of Shanghai Yachua Pilkington and Taiwan Pilot Glass Industries and also provide consultancy of advice in the Far East, including China. During this period he will retain his directorship of Pilkington International Holdings.

ROBERT M. DOUGLAS HOLDINGS has made the following changes: Mr P. G. Boode has retired from the board of Robert M. Douglas Holdings. Douglas Construction, British Lift Slab, R. M. Douglas Property Development, Douglas Environmental Engineering and Douglas Technical Services. He has also ceased to be an executive director of Douglas Concrete & Aggregates Plant, but will continue to be a member of those boards in a non-executive capacity. Mr B. C. Morgan has been appointed as a director of Douglas Holdings. Mr V. E. Fray, Mr L. V. Holland and Mr D. C. Robinson have been appointed to the board of Douglas Construction. Mr M. E. Gibbons and Mr M. D. Price have been appointed to the board of Douglas Environmental Engineering. Mr M. D. Price will become deputy chairman. Mr A. J.

Stokes has been appointed managing director of Douglas Plant. Mr R. J. Farndon, Mr C. N. Lambert and Mr R. D. McKenna have been appointed associate directors of R. M. Douglas Construction.

ROBERT FLEMING SERVICES has appointed Mr David G. Thomas as director of The Fleming Enterprise Investment Trust and Mr Ronald A. Marler has been appointed a director of The Fleming Technology Investment Trust.

Mr Ian Weston, who is currently vice president and European adviser to Bankers Trust Company, will be joining SPICER AND PEGLER as a partner on June 2.

Mr Hugh Currie, chief editorial manager, has been appointed director of editorial administration of the SCOTSMAN DAILY RECORD & SUNDAY MAIL (1986).

Mr Marcel Menko, the founder of FLEXELO CASTORS AND WHEELS has been elected life president.

THE PORT OF LONDON AUTHORITY has appointed Mr David Jeffery to be chief executive, river authority, and a member of the PLA board from June 1.

Ivan Smith has been appointed director and general manager of Douglas Construction, member of the Radamec Group. He was director of European Operations with Gulton.

Mr Douglas Baker has been appointed as a non-executive director of LONDON INTERNATIONAL GROUP. Mr Baker is chairman of Touche Ross International and Touche Ross UK.

Mr Charles Maxwell has been appointed managing director of FINSBURY DISTILLERY COMPANY from May 1. He is an eighth generation member of the family which started the distillery in 1740, and son of the

current chairman, Mrs Peggy Maxwell. Mr Maxwell joined Matthew Clark and Sons, the company that now owns Finsbury, in 1976, was appointed to the Finsbury board in 1981, and in 1982 took over his current position as brand manager for Stone's in the UK, a job he will continue to do.

Mr John Collins a co-founder of HIS SYSTEMS, has been appointed chairman. His position as marketing director has been taken over by Miss Julie Connell. Other board changes include Mr Bill Berry the technical and production director who will also take over responsibility for commercial aspects of the company's business.

SFS STADLER has appointed Mr Colin Yeates as sales director.

Mr John Lawrie has been appointed group financial director of PRESTWICH HOLDINGS. He joined in January as group financial controller.

PRICE WATERHOUSE has appointed Mr Ian C. Adam, partner in charge of the Scottish practice from July 1. He succeeds Mr G. Campbell, who is transferring from Glasgow to London where he will become director of finance. Mr J. Gordon Anderson will become senior partner in Glasgow office.

THE ORION INSURANCE COMPANY has appointed as director, Mr John Fordyce of Sun Alliance. He is assistant general manager in charge of the UK branch network, commercial business and marketing. Mr Fordyce will take up his duties with Orion early in May.

CORNHILL INSURANCE has made the following board changes: Mr Julian Faber, who joined the Cornhill board in 1972, has been appointed chairman. Mr D. Bremkamp and Mr D. Breipohl have been made directors. Sir Owen Green, Mr M. C. Ireland and Mr R. C. Ireland have resigned from the board.

Mr David M. Rhead has been elected chairman of the Whitlock Corporation, New York, a wholly-owned subsidiary of L. C. P. HOLDINGS, upon the retirement of Mr William J. Fox who will be retained in a consultative capacity by Whitlock and will continue as a non-executive director of L. C. P. Holdings.

Mr Roger Clark has been appointed managing director of the ALFRED BOOTH GROUP and its principal operating subsidiary, the Unit Construction Co. Alfred Booth is part of the Mowlem Group.

Mr Andrew Caldecott has been appointed a non-executive director of BLICK INTERNATIONAL. Mr Caldecott is chairman of M & G Group.

BOULTON & PAUL has appointed Mr David Chery as marketing director. He has joined from Rentokil Group, where he was managing director of the property care division.

Mr David Gandy, senior vice president of the BUILDERS MERCHANTS FEDERATION (BMF) has been appointed president.

MCDONALD'S HAMBURGERS has made the following appointments: Mr Paul S. Preston has been appointed chief executive officer, responsible for all the company's activities in Britain. He continues his role as president of McDonald's Hamburgers; Mr Bob Rhea relinquishes his

THE BROKEN HILL PROPRIETARY CO., LTD. HALF YEARLY DIVIDEND

The directors of the Broken Hill Proprietary Company Limited are pleased to announce that a half-yearly dividend will be paid on 28th May 1986 at the rate of 20 cents per \$1 share compared with 15 cents per share for May 1985.

The higher dividend rate is payable on share capital which was increased by the one-for-five bonus issue made in February of this year. This half-year dividend of A\$250 million represents an increase of 62 per cent on the May 1985 distribution. The dividend will involve a total payment for the May 1986 year of A\$430 million, an increase of A\$168 million or 64 per cent.

The dividend will be paid to registered holders following the registration of transfers received up to 5.00 p.m. on Friday, 2nd May, 1986, the books closing date.

The dividend is payable in Australian currency but, in the case of shareholders who no later than 2nd May 1986 have elected that some or all of the shares held by them shall participate in the company's dividend investment plan, the dividend shall be satisfied in respect of those shares by the allotment of paid-up shares in accordance with the plan. For US shareholders the date for election was 17th April 1986.

Transfers will be accepted for registration at the company's share registers at the following addresses:

AUSTRALIA	
Melbourne:	140 William Street
Sydney:	20 O'Connell Street
Canberra:	Arthur Young
Adelaide:	40 Marcus Clarke Street
Hobart:	41-47 Currie Street
	Perpetual Trustees and National Executors of Tasmania Limited
	29 Murray Street
Brisbane:	344 Queen Street
Perth:	55 St. George's Terrace
UK	
Bristol:	Registrar's Department
	National Westminster Bank PLC
	37 Broad Street

The Secretary

The Broken Hill Proprietary Company Limited

LINFIN CORPORATION U.S.\$100,000,000 Collateralized Floating Rate Notes due 2001

25th April 1986 in 12th June 1986 the notes will carry an interest rate of 7 1/4% per annum with an interest amount of U.S.\$470.83 per U.S.\$550,000 nominal. The relevant interest payment date will be 12th June 1986. Listed on the Luxembourg Stock Exchange

Bankers Trust Company, London

Agent Bank

COPENHAGEN HANDELSBANK A/S

US\$100,000,000

Subordinated Floating Rate Notes Due 2000
NOTICE IS HEREBY GIVEN that, pursuant to Condition 1 (b) of the Terms and Conditions of the above Notes, Copenhagen Handelsbank A/S (the "Bank") has elected irrevocably to subordinate, with effect from 28th May, 1986, the final 10% of the principal amount of each Note being all of the then remaining unsubordinated part of the principal amount of each Note. From 28th May, 1986, each Note will constitute Subordinated Debt of the Bank as to 100% of its principal amount.

COPENHAGEN HANDELSBANK A/S

April 25, 1986

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Mitchell Cotts finance director

MITCHELL COTTS has appointed Mr. David M. Rhead as finance director from June 1. He has been finance director of DRI Holdings since 1978.

Mr. Neil Millward has joined COUNTY BANK UNIT TRUSTS. He will become administration director on the retirement of Mr. Bill Laverack, the present director, later this year. He also becomes an assistant director of County Bank. Mr. Millward joins County Bank from "Gartmore" Investment Management, where he served as managing director in Hong Kong before running its Channel Islands office in Jersey.

Mr. Ian Hasecock, director, international consulting, will transfer from the UK firm of COOPERS & LYBRAND to the US firm as a partner on October 1.

DELOITTE HASKINS & SELLS has made a number of management changes. Mr. Gareth Stainer, the national marketing partner, moves to a senior position in the management consultancy division. Mr. Philip Tedder takes over as national marketing partner, at the same time retaining active involvement with a range of clients. Mr. Rosemarie Ghanous is appointed director of marketing, having served in the same position in the national marketing department since January 1985. All the appointments take effect as from May 1.

Mr. Richard J. Edmunds has been elected a director of TERRA NOVA INSURANCE. He is investment director.

CONTRACTS

Iraqi water treatment projects

BIWATER INTERNATIONAL CONSTRUCTION has been awarded a contract to build three water treatment plants and 400 km of water pipelines by the Ministry of Transport and Communications in Iraq. The work is for the Baghdad Al Qaim Akashat Railway Organisation—over a period of some 21 months. The contract is being supported financially by the Republic of Iraq-UK Government Finance Protocol Agreement, and the BCGI and the Middle East Bank will be participating. Chemical and Thermal Engineering (part of Biwater) has been awarded a contract to design and build a 200,000 tonnes of bitumen annually, is expected to be in production in the first quarter of 1987.

Biwater Water Treatment has been awarded a contract with the Iraqi State Organisation for Water and Sewerage for £4.5m to cover the design and supply of mechanical and electrical equipment for the Haditha-Hakania water supply scheme. The location of the scheme coincides with one of the water treatment plants to be built for the railway, making the two schemes logistically attractive. This contract is also being supported financially by the Iraq/UK Finance protocol agreement.

ESAB's Holland-based affiliate ESAB BV has received an order for four welding lines to produce deep-drawing railwagons for new railroads transport and unloading of lorries. The £3m order has been placed by Euro Combi Wagonfabriek BV in Hoensbroek, Holland.

TECHNOLOGY FOR BUSINESS has won a batch of home and export orders worth over £5m

through its RAIR supermicrocomputer subsidiary. Business Computer Systems has signed a £2m contract spread over the next two years for RAIR to supply mini and supermini computer systems. RAIR also has a contract worth £1m over three years to supply its supermicrocomputer system to Kimball Electronics. RAIR scored in Spain with a £1m export contract over 18 months to supply its supermicrocomputer system to Hard Team SA of Barcelona. A Spanish distributor, Turkey's office equipment and systems house, Elsan Elektronik under a three-year agreement, has also placed a £1m contract for the supermicrocomputer system.

The US Department of Health and Human Services (DHHS) has awarded the federal systems division of WANG LABORATORIES INC. a contract valued at up to \$14m (£2.72m) for the nationwide delivery, installation and support of Wang VS computer systems. Under the terms of the contract, Wang will provide configurations consisting of Wang VS computers, terminals, peripheral devices, and associated systems networking communications and software products for DHHS headquarters in Washington DC, and in DHHS field offices in 52 offices nationwide. Contract provisions also require Wang to implement comprehensive training, support and maintenance services. The system will be used to provide data processing and office automation services for several departmental components including the Office of the Secretary, the Assistant Secretary for Personnel Administration, and the Assistant Secretary for Human Development Services.

FLAKT has received orders valued at £6.2m for 11 drying

oven lines and 32 air replacement plants for installation in the new vehicle finishing facility for completion by mid-September. Flakt Industrial's order for 11 drying oven lines was received direct from Vauxhall Motors, a General Motors subsidiary, and is worth around £4.4m. The order is part of a European order placed by General Motors for 39 drying ovens to be built at Opel's plant in Bochum, West Germany, at GMC in Antwerp, Belgium, and at Vauxhall in Luton.

THE GILLETTE COMPANY

Notice to all holders of 4 1/4% Convertible Debentures Due 1987 of The Gillette Company.

NOTICE IS HEREBY GIVEN that the initial conversion price of \$67.00 specified in the above Debentures will be adjusted and changed to \$23.50 effective at and after the opening of business on May 2, 1986 (the "Effective Date") by virtue of the stock split in the form of a 100% Common Stock Dividend on all outstanding shares of the Common Stock of The Gillette Company issued to stockholders of record on May 1, 1986. The conversion price will be further adjusted downward on said Effective Date based on the cumulative effect of other adjustment events on the conversion price occurring prior to the Effective Date.

THE GILLETTE COMPANY

April 25, 1986

Gillette Overseas Finance Corporation N.V.

Notice to all holders of Gillette Overseas Finance Corporation N.V. 8% Guaranteed Convertible Subordinated Debentures Due 2003. Convertible into the Common Stock of and Guaranteed on a Subordinated Basis by The Gillette Company.

NOTICE IS HEREBY GIVEN that the initial conversion price of \$54 specified in the above Debentures will be adjusted and changed to \$27 effective at and after the opening of business on May 2, 1986 by virtue of the stock split in the form of a 100% Common Stock Dividend on all outstanding shares of the Common Stock of The Gillette Company issued to stockholders of record on May 1, 1986.

THE GILLETTE COMPANY

April 25, 1986

UK COMPANY NEWS

Fall in oil prices hits ICI profits

BY TONY JACKSON

THE FALL in the oil price and weak markets for agricultural chemicals have had an unexpectedly severe effect on Imperial Chemical Industries' first quarter results. Profit before tax fell 24 per cent to £204m, right at the bottom of the expected range.

Sales volume in chemicals was 2 per cent down on the fourth quarter of last year, mainly because of lack of demand in plastics. Although raw materials prices have halved since the beginning of the year, ICI, like other European producers, has largely maintained selling prices. As a result, it is thought that customers have been de-stocking in the expectation that prices will eventually weaken.

Mr Trevor Harrison, group treasurer, said: "It's hard to tell from the figures how much this has been happening but it's one of the things our marketing department is looking at. Although people have been talking about internally, analysts' speculation volume was down, greatly improved margins had probably increased profits.

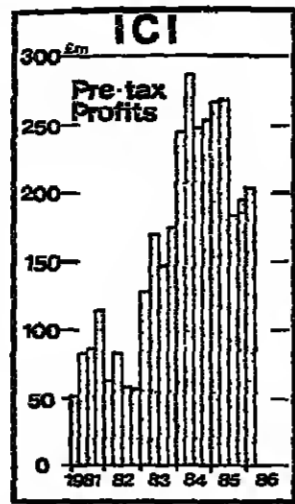
The oil price fall had two

separate effects, Mr Harrison said. Profits from oil production, which were falling in any case because of lower output, were further reduced. In addition, there were stock losses on oil and raw materials such as naphtha, estimated by him at £10m.

The downturn in agricultural chemicals was particularly marked in fertilisers, especially in the base chemicals ammonia and methanol, which ICI sells as well as making into finished fertiliser. The further downturn makes clear that the problems of the sector are not confined to poor weather, as ICI had argued in previous quarters.

"There is a bit of a crisis in world agriculture, which will take time to work through," Mr Harrison said. "World food is in surplus, and demand for fertilisers around the world is down accordingly. This feeds back to prices, and when it comes to surplus ammonia and methanol, prices are squeezed significantly."

Fibres, colours and polyurethanes showed an improvement



The net effect of currency movements year-on-year had been negative, though not massively so, Mr Harrison said. Sterling had weakened slightly against the D-Mark, usually the most important currency for the group. That advantage had been more than offset, however, by a 35 per cent strengthening of sterling against the dollar.

Total group turnover in the quarter was 7 per cent down on the first quarter of 1985, at £2,515m. Oil sales were 38 per cent down, at £1,644m, and chemical sales were 4 per cent lower at £2,351m. The fall was evenly spread between the UK (sales of £574m) and overseas (£1,777m). Compared with the fourth quarter of last year, ICI said, chemicals volume was down 2 per cent, selling prices were 1 per cent lower, and exchange movements had lifted sales by 2 per cent.

After tax of £75m (£99m) and minorities of £10m (£13m), net profit was down 23 per cent at £155m, or 18.3p per share (24.5p). ICI's shares closed 15p lower at 914p.

See Lex

Michael Cassell looks at P & O's bid for Stock Conversion
Facing a much tougher fight

A YEAR and a day after Stock Conversion's future was thrown into doubt, when an unwelcome purchaser grabbed a 26.5 per cent stake in the group, the resale of the same shareholding has left the UK property group facing another, much tougher, fight.

Twelve months ago, it was Stock Conversion, the property sector's most impressive upstart which set the fur flying by purchasing the strategic stake from Equity Trust, representing the family interests of the late Mr Robert Clark, Stock Conversion's co-founder.

Stock Conversion's intentions were unclear and Stock Conversion at once launched a high-profile and undisputedly successful campaign to prove its sleepy image had been abandoned in favour of a more aggressive philosophy. The "keep off" message to Stock Conversion was unmistakable. But Stock Conversion, itself not the sleepest of property companies, failed to take the hint and has since refused to go away.

Yesterday, it was Sir Jeffrey Sterling's P & O which announced it had agreed to purchase the troublesome Stock Conversion stake and to launch a full-scale bid for a company which would appear to dovetail nicely into the shipping-to-property group's activities.

The announcement signalled the end of the road in lengthy and sometimes tortuous negotiations between Stock Conversion and Stock Conversion, designed to find a mutually acceptable conclusion to the situation in which both sides were increasingly anxious to resolve.

Since last autumn, Stock Conversion and Stock Conversion had met to discuss just about every conceivable way of finding a way out. Talks began with Stock Conversion, the Jacob Rothschild-backed property team, suggesting a full-scale takeover of Stock Conversion which ultimately proved impossible over-ambitious; they progressed through a variety of merger options involving the winding of investment and development portfolios and



Mr Harry Norris (left) chairman of Stock Conversion, Mr Peter Levy, director, and Mr Jonathan Lane, director and general manager.

original plans for Stock Conversion were much ambitious. The company, which has come from nowhere fast to rank alongside the most active and exciting of modern property companies, is engaged in a number of major developments and it will now be in a position to hang on to a bigger share of the property investments it creates.

As an extra bonus, it has the chance to co-operate on future developments with P & O's property operations, operated through Town & City, Sir Jeffrey Sterling's original property empire which now forms an integral and important part of the group. A December 31 1986 valuation put a price tag of £394m on the property portfolio of Sterling Guarantee Trust, which encompasses Town & City business and is now itself within P & O.

For Stock Conversion, the tussles of the past 12 months will quickly pale in the face of a much bigger contest. The inevitable revaluation is already underway and will play a major role in deciding the outcome. There is little doubt that the net asset figure thrown up by the exercise will be considerably ahead of the 585m given at the time of the September towards 800p.

Whatever the outcome, neither can there be any doubt that Stock Conversion has managed to revive itself in a way which would have been unthinkable in the old management regime. It has worked impressively to extract the best opportunities out of a portfolio of patchy quality and to find new investments.

There is a strong management team in place and they will resist a fight. The odds in the end, may be stacked against them but Stock Conversion shareholders stand to do very well out of the last year's events. Some of Stock Conversion's assets are already in the prospect of working with Sir Jeffrey Sterling not entirely unattractive.

Ambitious Anglo United bids for Burnett

BY MARTIN DICKSON

Anglo United Development Corporation, a small open-end coal-mining group, yesterday unveiled surprising and ambitious proposals for a £36m all-paper takeover of Burnett & Hallamshire, a larger but troubled coal-mining group which was saved from receivership by a financial reconstruction last year January.

However, Anglo's proposals are subject to a major pre-condition: that Burnett provide it by May 9 with detailed information on the company's affairs—particularly areas that contributed to last year's crisis—and on Anglo being satisfied with the health of the business.

Anglo stressed that yesterday's announcement did not amount to a formal offer.

Burnett's immediate reaction was cool and non-committal. It noted the announcement, said it would be consulting its financial advisers and would make a further announcement as soon as possible.

The company's fate will be decided by a group of about 15 banks which, as part of the rescue package, agreed to convert some £30m of debt to equity. They now hold some 73

per cent of Burnett's ordinary shares.

Burnett's rescue package involved a major programme of asset disposals which will trim the group back to its core coal-mining businesses. It lost £3.7m before tax in the six months to last September on turnover of £71m. Anglo made pre-tax profits of £3.24m in the year to October on turnover of £17m.

Anglo is headed by 35-year-old Mr David McErlain who built up a successful open-end coal-mining business which he sold to Burnett for £12m in 1981. He then formed another mining company with Mr Denis Ball, which was injected into Anglo—then a loss-making concern with a Toronto Stock Market quote.

Anglo, which was floated on the London stock market only last August, specialises in mining alienated UK coal mines. Anglo estimates Burnett's coal reserves at 1.5m tonnes, of which it has sold 1.2m tonnes last year, some of which it bought in from

other suppliers. Both companies also have coal interests in Pennsylvania in the US.

Mr McErlain said yesterday that a merger of the two companies would make sense because Anglo was expert at identifying open-end coal reserves, and owned reserves with many years of life, while Burnett's reserves, secured through acquisition, were nearing the end of their working lives. However, Anglo was not particularly good at marketing, an area where Burnett had proven skills.

A feature of the Burnett rescue package was the provision by the banks of an additional £20m in working capital which Burnett has agreed to repay over the next two years—a process which will involve the company in further asset disposals.

Anglo said yesterday that it had offered to repay the banks the £20m immediately its deal went through, and it believes this will make its proposition attractive to them. But it added that it had not yet decided how it would raise this money. Anglo added that its offer

would entitle holders of its common shares to dividends in the year beginning next November, whereas Burnett's board had said it was unlikely to pay dividends for several years. In the current year Anglo is expected to pay a gross dividend of 1.5p a common share.

Anglo, which is advised by Robert Fleming, would offer two of its common shares for every three Burnett ordinary shares, excluding a category of restricted Burnett ordinary shares held by the banks. For these shares—which the banks can only dispose of gradually—it is offering one of its shares for every three. It is offering two Anglo redeemable preference shares for every three Burnett convertible preference shares and two Anglo common shares for every seven Burnett convertible B ordinary shares.

Anglo shares closed last night at 29p, down 3p, while Burnett were at 20p, down 2p. Profits of the offer would involve the issue of £4m new Anglo common shares, doubling the number in issue.

Dan Air group shares
dive on profit shortfall

SHARES in Davies & Newman, best known for its Dan Air airline business, fell sharply yesterday on the announcement of a two-thirds decline in its profits in 1985. The shares closed at 185p, down 43p on the day.

The financial downturn—profits plunged from £3.12m to £1.05m—was mainly on the aviation side, where margins were under severe pressure. The group's other activities, shipbroking and drilling, traded profitably and have partially mitigated the slide in aviation, say the directors.

The company would have ended the period to December 31 1985 in the red pre-tax were it not for a surplus of £1.31m (nil) on the disposal of aircraft. Mr F. Newman, the chairman, pointed out that the company has considerable assets involved in its aviation activities, "including a fleet of aircraft which has a market value substantially above its book amount."

Despite the profit shortfall and the absence of dividend cover—earnings per share are shown at 6.9p against a restated 33.2p—the payout for the year is raised from an adjusted 9.09p to 10p with a 7p final (6.36p).

Turnover was up by 18 per cent to £287.52m, but produced an operating loss of £94,000, worsened by a net interest charge £1.55m higher at £1.69m. The company's share of associate's profit came to £1.53m (£1.41m).

On current prospects, the chairman says that the shipbroking company has operated satisfactorily in the first quarter of the year. The nil drilling interests in the associated com-

pany, Dan-Smedvig, are anticipated some downturn in activity although existing contracts will help profitability during the current year.

As regards aviation, he says steps have been taken within the organisation to stiffen management and improve planning and co-ordination. The strong selling of inclusive Tour holidays brought about by the competitive action of several major tour operators, is ensuring high utilisation for aircraft, particularly in the difficult months.

comment

A set of unexpectedly poor results from the little-known Davies and Newman sent the share price down by nearly one fifth to 185p yesterday. Weak interim figures and a warning of a two-thirds decline in its profits in 1985, the shares closed at 185p, down 43p on the day.

The financial downturn—profits plunged from £3.12m to £1.05m—was mainly on the aviation side, where margins were under severe pressure. The group's other activities, shipbroking and drilling, traded profitably and have partially mitigated the slide in aviation, say the directors.

Dixons might be able to
keep Comet claims report

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

Dixons Group might not need to sell off the Comet electrical retailing subsidiary of Woolworth Holdings on monopoly grounds if it succeeds in its £1.75bn bid for Woolworths, claims a new market report on the electrical goods market published yesterday.

The report, published by the Verdict research company, estimates that the total market share in electrical retailing of Dixons and Comet combined would be less than 20 per cent of the total market. This market is estimated to be worth some £3.1bn a year in total.

The addition to this total of Woolworth's main high street stores, would only marginally increase Dixons' electrical goods market share, says the report.

A key criteria for the Office of Fair Trading in considering referring takeovers to the Monopolies and Mergers Commission is if the combined market share of the two companies concerned would be in excess of 25 per cent.

Dixons has already made it clear that it would sell off the Comet chain to a third party, if it succeeds with its bid for the Woolworth group to avoid a possible referral to the Monopolies Commission. However, it could review its position in the light of the Verdict report.

According to Verdict, Dixons has had 13.2 per cent share of all consumer spending on electrical goods. This is made up of six per cent from Dixons stores, 6.6 per cent from Currys stores, and a further 0.6 per cent from Dixons' Power City subsidiary.

Comet, which was acquired by Woolworths in 1984, has a 6.1

CONSUMER USAGE OF ELECTRICAL RETAILERS			
	% visiting in past month	% purchasing in past month	% purchasing in past 12 months
1 Dixons	32	15	46
2 Electricity Bld.	18	6	6
3 Comet	13	6	6
4 Boots*	12	5	5
5 Woolworths*	12	5	5
6 Rumbelow	11	2	2
7 W. H. Smith*	7	2	2
8 Laskys	5	1	1
9 Lundy	4	2	2
10 Comet	4	2	2

* Electrical departments only. Source: Verdict

per cent share of electrical spending. Verdict estimates that the Rumbelow chain owned by Thorn EMI—with a 4.6 per cent share.

According to the Verdict report, the Dixons group is used by far more consumers for specialist electrical retail purchases than any other. A survey of more than 1,500 adults carried out for Verdict shows that some 32 per cent of all consumers had visited a Dixons Group store within the past month while 15 per cent had also made a purchase.

* Verdict on electrical retailers, published by Verdict Research, 54 Britton Street, London EC1, price £225.

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Based on FT Index
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Monday 28/4/86 Trading hours will be 9.05 am-3.00 pm

All these securities have been sold. This announcement appears as a matter of record only.

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250'000'000 Swiss Francs
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Equity & Law
Another good year, for profits and
new business

Extracts from the Statement by the Chairman, Sir Douglas Wass, GCB, and the Report and Accounts for 1985

* Total long term business profits allocated to the policyholders and shareholders were £72.5m compared with £60.8m for the preceding year.

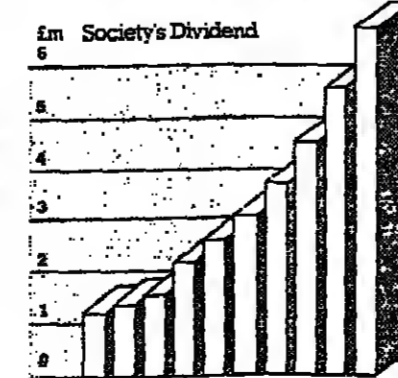
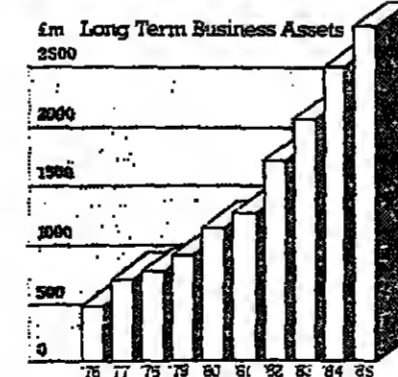
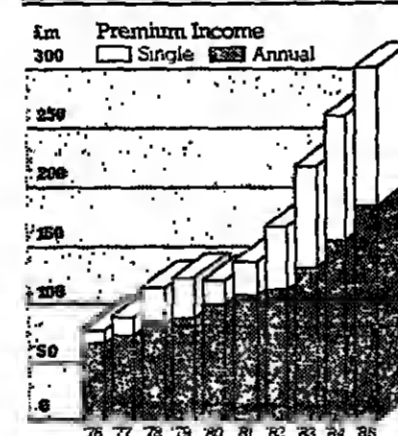
* A final dividend for 1985 of 5.7p per share is being recommended. This makes a total for the year of 6.7p, an increase of 19% on the previous year. It represents a full distribution of the year's earnings.

* New annual premiums rose by 22%, substantially more than both the rate of increase in the life assurance market as a whole and the rate of inflation. Abroad, our main increase in new business in 1985 was in the Netherlands, following several years of rapid expansion in Germany.

* We have continued to devote much time and energy to product innovation and development. After introducing Multiplan in 1983 as our basic life assurance contract, we launched Multipension in January 1985 aimed at the individual pensions market followed by the Low-Cost Homebuyers' Plan in July for the house purchase market.

* The Society has the financial strength to take advantage of the opportunities likely to arise and the quality of staff at all levels, led by skilled and experienced senior management, to enable it to respond effectively. I am confident that the Society will continue to provide good value for both policyholders and shareholders and maintain its position in the forefront of UK life assurance companies.

TEN-YEAR SUMMARY



HIGHLIGHTS OF 1985

	1985 £ million	1984 £ million	Increase %
New annual premiums	45.2	37.0	22.2
New single premiums	120.1	107.4	11.8
Total premium income	301.0	282.5	14.7
Long Term Business assets	2,891.4	2,508.8	15.2
Earnings	6,772	5,639	20.1
Dividends	6,730	5,634	19.7

Copies of the Report and Accounts incorporating the Chairman's Statement and a full Review of 1985 may be obtained from: The Secretary, Equity & Law Life Assurance Society plc, Amersham Road, High Wycombe, Bucks HP13 5AL

Equity & Law

Los Fratos
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mid 1960s

This announcement appears as a matter of record only



First National Securities Limited

£100,000,000

Acceptance Credit, Advance and Certificate of Deposit Issuance Facility

Managed by

NM Rothschild & Sons Limited

Underwriting Banks

NM Rothschild & Sons Limited	Banque Paribas (London)
CIC-Union Européenne, International et Cie	The Union Discount Company of London, p.l.c.
Bank of Scotland	Crédit Agricole
Smith St. Aubyn & Co. Limited	Cater Allen Limited
Dresdner Bank Aktiengesellschaft	Kansallis Banking Group
King & Shaxson PLC	Société Générale Merchant Bank plc
Banco de Bilbao, S.A.	Banca Nazionale del Lavoro
Banque Belge Limited	Barclays Merchant Bank Limited
Crédit Commercial de France	Gerrard & National PLC
Nederlandsche Middenstandsbank nv	The Long-Term Credit Bank of Japan, Limited
Banca Nazionale del Lavoro	
Bank of Scotland	
Banque Paribas (London)	
Cater Allen Limited	
Citicorp Investment Bank Limited	
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Dresdner Bank Aktiengesellschaft	
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Merrill Lynch Capital Markets	
Quin Cope Limited	
Smith St. Aubyn & Co. Limited	
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Agent
NM Rothschild & Sons Limited

April 1986

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HYDRO-QUÉBEC

(An agent of the Crown in right of Province de Québec)

Can. \$150,000,000

9.50% Debentures, Series GG, Due May 1, 2001

Unconditionally guaranteed by

PROVINCE DE QUÉBEC

The following have agreed to subscribe or procure subscribers for the Debentures.

Société Générale	Merrill Lynch International & Co.
Algemene Bank Nederland N.V.	Union Bank of Switzerland (Securities) Limited
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CIBC Limited	Banque Internationale à Luxembourg S.A.
Credit Suisse First Boston Limited	Crédit Lyonnais
First Interstate Capital Markets Limited	Dresdner Bank Aktiengesellschaft
Lévesque, Beaubien Inc.	Kredietbank N.V.
Orion Royal Bank Limited	Samuel Montagu & Co. Limited
S. G. Warburg & Co. Ltd.	Swiss Bank Corporation International Limited
Wood Gundy Inc.	Westdeutsche Landesbank Girozentrale
	Yamaichi International (Europe) Limited

Application has been made for the Debentures, in bearer form in the denominations of Can.\$1,000 and Can.\$5,000 constituting the above issue, to be admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary Global Debenture. The issue price of the Debentures is 100 per cent. Interest will be payable annually in arrears on 1st May in each year, from and including 1st May, 1986. The first interest payment will be due on 1st May, 1987.

Particulars of the Debentures and the Issuer are available to the statistical services of Extel Statistical Services Limited. Copies of the listing particulars relating to the Debentures may be obtained in the form of an Extel Card during usual business hours on any weekday (Saturdays and public holidays excepted) from the Company Announcements Office of the Quotations Department of The Stock Exchange, Throgmorton Street, London EC2, up to and including 29th April, 1986 or during usual business hours on any weekday (Saturdays and public holidays excepted) at the addresses shown below up to and including 12th May, 1986.

Rowe & Pitman,
 1 Finsbury Avenue,
 London EC2M 2PA.

Bank of Montreal, London Branch,
 9 Queen Victoria Street,
 London EC4N 4XN.

Phillips & Drew,
 120 Moorgate,
 London EC2M 6XP.

25th April, 1986

UK COMPANY NEWS

Austin Reed up to record £5m

A RECORD £5m pre-tax profit is reported by Austin Reed Group for the year to January 31 1986, a 19 per cent improvement on the previous £4.23m.

The directors attribute this rise to the group's strategy of integrating and expanding its principal manufacturing and retailing activities and of disposing of factories and shops not central to this policy.

The group, which makes and retails clothing, increased sales by 6 per cent from £57.3m to £60.4m, although the directors say that after an excellent first six months retail trading was not quite so buoyant from October onwards as the number

of American visitors to London and other tourist centres declined.

All four manufacturing units have continued to do well, they state. Also, exports to Europe remain particularly strong.

An increased final dividend of 4p (3.5p) is being recommended, lifting the total for the year by 22 per cent to 6.5p (4.5p). This will be paid from earnings per share, excluding the sale of investments, 17 per cent ahead at 29.2p (21.1p).

After tax of £1.61m (£1.31m), net profits were up from £2.92m to £3.43m.

comment

Austin Reed is nothing if not

predictable and produced its

usual dull but worthy set of

results yesterday. Yet the

threat of terrorist bombs

threatening away its usual influx

of American tourists took its

toll on the share price, which

fell by 4p to 168p. In 1985 the

company set about picking its

retail operation into shape.

Stock control was improved and

poorly performing units —

including the rump of the ill-

fated 'Cua' chain — closed,

catalysing some improvement in

margins. The manufacturing

division, by contrast, was

expanded, with the acquisition

of Johnsons, which should pro-

duce a positive contribution this

year. Future expansion will

focus on manufacturing by in-

creasing capacity for both

Chester Barrie and the Austin

Reed of Regent Street label.

Europe has emerged as a key

growth market for the future.

Yet Austin Reed, like Larra

Ashley, has nurtured an increas-

ingly lucrative source of

revenue from US royalties,

although the strength of the dol-

lar erased much of the benefit

last year. The threat to tourist

trade prompted the City to re-

duce profit projections from

£8m to £5.75m and will doubt-

less scupper the chance of an

improvement in the rating, a

prospective p/e of 12 for 1986.

Wm. Low sees significant growth in second half

FIRST HALF pre-tax profits at Wm Low and Company, the Scottish supermarket and freezer centre operator, improved from £2.88m to £3.02m, and the company expects profit growth in the second half to be significantly ahead of that achieved in the opening half.

Overall, it expects comfortably to exceed last year's pre-tax figure of £6.27m.

Mr C. Blake, the chairman, says the half-year results represent a combination of continued buoyancy in the company's traditional all-Scottish market with some unexpectedly protracted problems in the former Laws Stores business, acquired in January 1985.

Turnover in the 28 weeks to March 22 1986 rose from £100.26m to £125.56m, but operating profits dipped from £3.4m to £3.04m. The pre-tax figure was after substantially lower interest charges of £25,000 compared with £68,000.

The interim dividend is raised from 4p to 4.5p net.

comment

Wm Low is clearly having

digestion difficulties absorbing the 42-shop North East based Laws mini-chain acquired for £7m from January 1985. These profits were depressed by some £400,000 due to losses within Laws and 18 of its smaller stores have had to go after attempts at turning them round failed. As a result forecasts for 1986-86 have been cut back by almost £1m, to £7.25m pre-tax, and it will be next year before the benefits of the better half of Laws comes through. This delay is a little badly timed for the group as a whole. Wm Low will be spending £20m this year on new stores and refurbishments and there is nothing left of the £15m 1985 rights money as this was used to reduce gear. But the company is tightly run and has achieved a great deal in getting operating margins (without Laws) into the 4 per cent ballpark. The shares have held up well in spite of the bad news about Laws, and held steady at 585p yesterday. With the upside of next year to look forward to, a prospective multiple of 16 could represent a buying opportunity.

Howard/Doris merger

John Howard, civil engineering company, and Howard Doris, off-shore, building concern, yesterday announced plans to merge their activities into a single construction group with a view to getting a full stock exchange quotation shape.

Both companies will become subsidiaries of a holding company, the John Howard Group. Mr Albert Granville, the chairman of Howard Doris will become chairman of the new group, and Mr Peter Gallagher,

John Howard's chief executive, will become managing director. The combined group had a turnover in 1985 of about £76m, and is aiming for sales this year of £100m.

The two companies plan to join forces in competing for contracts worldwide.

John Howard, shares of which are traded on the Granville OTC market, owns 55 per cent of Howard Doris, and will acquire a further 20 per cent on May 1.

RORENTO

Annual Report

The Rorento Annual Report for the year ended 28th February is now available.

The total investment result in this period was 10% in Dutch guilders, 23% in sterling terms.

Rorento invests globally in fixed-interest securities. The income is re-invested and reflected in the value per share.

For your copy of an authoritative commentary on the worldwide investment climate, write to:
 Rorento N.V., Dept. R329,
 P.O. Box 973,
 3000 AZ Rotterdam, Holland.

RORENTO

The bond trust of the Robeco Group

This advertisement complies with the requirements of the Council of The Stock Exchange. It does not constitute an offer of, or invitation to the public to subscribe for or purchase, any securities.

KLEINWORT, BENSON, LONSDALE plc

(incorporated in England with limited liability)

US \$125,000,000

Primary Capital Undated Floating Rate Notes (Series Two)

Issue Price 100 per cent.

The following have agreed to subscribe or procure subscribers for the Notes:

Credit Suisse First Boston Limited	Chemical Bank International Limited
County Bank Limited	Fuji International Finance Limited
Kidder, Peabody International Limited	Morgan Stanley International
Banca Commerciale Italiana	Banque Bruxelles Lambert S.A.
Banque Nationale de Paris	Daiwa Europe Limited
Dresdner Bank Aktiengesellschaft	Genossenschaftliche Zentralbank
Kredietbank N.V.	LTCB International Limited
Mitsui Trust Bank (Europe) S.A.	The Nikko Securities Co., (Europe) Ltd.
Nippon Credit International (Hong Kong) Limited	Nomura International Limited
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Taiyo Kobe International Limited	
Yamaichi International (Europe) Limited	

Application has been made to the Council of The Stock Exchange for the Notes to be admitted to the Official List. Interest will be payable semi-annually in arrears in May and November of each year, commencing in November 1986. Particulars relating to the Notes and the Issuer are available in the statistical service of Extel Statistical Services Limited. Copies of the Listing Particulars may be obtained during usual business hours up to and including 29th April 1986 from the Company Announcements Office of The Stock Exchange and up to and including 9th May 1986 from:

Kleinwort, Benson, Lonsdale plc,
 20 Fenchurch Street,
 London EC3P 3DB
 Hoare Govett Limited,
 Heron House,
 319/325 High Holborn,
 London WC1V 7PB

Credit Suisse First Boston Limited,
 22 Bishopsgate,
 London EC2N 4BQ
 Chemical Bank,
 180 Strand,
 London WC2R 1ET

25th April 1986



First three months' results

The Board of Directors of Imperial Chemical Industries PLC announce the following unaudited trading results of the Group for the first three months of 1986, with comparative figures for 1985.

1985 First Three Months £m	1986 First Three Months £m		1985 First Three Months £m
602	2,433	Turnover:	
1,856	7,426	Chemicals:	
		United Kingdom	574
		Overseas	1,776
2,458	9,859		
257	866	Oil	164
2,715	10,725	Total	2,514
		Profit on ordinary activities	
267	912	before taxation	204
115	474	After providing for:	
		Depreciation	117
-99	-308	Tax on profit on ordinary	
		activities	-75
		Profit on ordinary activities	
168	604	after taxation	129
-13	-52	Attributable to minorities	-10
		Net profit attributable to	
155	552	parent company	119
		Extraordinary items	-
155	512	Net profit for the financial	
		period	119
		Earnings before	
24.8p	86.4p	extraordinary items	
		per £1 Ordinary Stock	18.3p

*Abridged results; full accounts with an unaudited audit report will be lodged with the Registrar of Companies after approval at the Annual General Meeting.

The economic stimulus expected to result from the substantial fall in crude oil prices has yet to appear. Levels of industrial production in OECD countries during the first quarter of 1986 were little changed from the fourth quarter of 1985. Chemical production rose in the USA, but experience in Europe has been mixed. Against this background, ICI Group turnover from chemicals for the first quarter of the year was £2,350m, lower by £47m than fourth quarter 1985. Sales volume was 2% below the fourth quarter level, reflecting hesitation by some customers in Western Europe to be committed on certain commodity chemicals. Selling prices were 1% down, while exchange movements lifted turnover by 2%. Profit before tax was £204m, an increase of £9m over the last quarter of 1985. Compared with the first quarter of 1985, when currencies were more favourable and margins better, profit before tax was £63m lower.

The flat performance in the first quarter was mainly attributable to the immediate impact of lower crude oil prices on the oil business and on sales of bulk chemicals in the fertilizers and related products business. Sales and profits in fertilizers, already under pressure during the second half of 1985 due to the difficulties in world agriculture, fell further as a result of bad weather in Europe. The remaining businesses were generally better in the first quarter, with a particularly welcome improvement in fibres and colours and a very strong performance in polyurethanes.

The following table summarises the quarterly sales to external customers, and profit before tax:

	Chemicals Turnover £m	Oil Turnover £m	Profit Before Tax £m
1985			
1st Quarter	2,458	257	267
2nd Quarter	2,656	211	268
3rd Quarter	2,348	185	182
4th Quarter	2,397	213	195
Year	9,859	866	912
1986 1st Quarter	2,350	164	204

The charge for taxation, which excludes petroleum revenue tax, for the first three months of the year amounted to £75m (first quarter 1985 £99m), comprising £28m of corporation tax (£62m) and £47m taxation of overseas subsidiaries and related companies (£37m). UK corporation tax has been provided at 36.25%, the expected average rate for the accounting year 1986.

Trading results for the first six months of 1986 will be announced on Thursday 24 July 1986.

Allied warns of disposals if Elders wins bid

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE BUSINESS of Allied Lyons, the food and drinks group, could suffer grievously if it were taken over by Elders IXL, the Australian group with interests in brewing and agriculture, the High Court was told yesterday.

Mr John Swift, QC, for Allied, said that Elders proposed to borrow money to finance its bid for Allied's shares. That could involve massive disposals of parts of Allied's business to repay the borrowings.

Allied opposed a claim by Elders for an order quashing a decision of the Monopolies and Mergers Commission, to which the bid was referred, to disclose to Allied, Elders' confidential proposals for financing a revised offer.

The hearing was concluded and Mr Justice Mann said that he would give his decision next week, probably on Tuesday.

Mr Swift said that Allied employed 45,000 people in the UK and overseas who would be affected by an Elders takeover, which might also be expected to affect Allied's management and efficiency.

Allied thus had a direct interest in the Commission's conclusions. If it were to conclude that the merger might operate against the public interest, Allied's future would be materially different from what it would be if it came under Elders' control.

Mr Swift suggested that Elders' motive for going to court was the fact that the Commission's decision could put Elders in a tactical difficulty if it were to renew its bid.

The court could not, however, assume that there would be a new bid. Although Elders had expressed an intention to make a new offer, it was

well known that market conditions and the structure of a business could change.

Evidence put in by Elders did not say that disclosure of the refinancing information must frustrate a new bid and it was difficult to see how that could be the case, Mr Swift said.

Mr Robert Alexander, QC, for Elders, said that the court had no evidence detracting from the accuracy and reasonableness of Elders' fears that disclosure to Allied could frustrate or undermine a revised bid.

The Commission had misdirected itself in deciding that it had a duty to disclose, and had focused on the need to be fair to Allied rather than on the unfairness to Elders.

All that fairness to Allied required was that the Commission should seek from it such information as was necessary for the Commission to carry out its investigation.

The Commission could get independent expert information about Elders' proposals; it did not need to disclose them to Allied in order that Allied might have an opportunity to present non-objective criticisms of them.

Mr Alexander said it would be wholly unfair to disclose the information to Allied, which could use it when planning how to defeat Elders' bid.

That, Mr Alexander said, would be inappropriate in an inquiry designed to ascertain whether the public interest was against the bid continuing.

ISSUE NEWS

Placing puts £11m value on Debor

By Alice Rawthorn

The lingerie manufacturer and importer, Debor Holdings, is joining the USM through a placing which will capitalise the company at just under £11m. The proceeds of the placing will be used to reduce borrowings and to finance further expansion.

Debor is the largest independent bra manufacturer in the country, supplying own label lingerie to retail multiples such as Littlewoods, British Home Stores, Asda and the Burton Group.

The company was founded in 1947 as a bra manufacturer and taken over by the present management in 1968. It diversified into other areas of lingerie, which now provide more than 90 per cent of sales, during the textile recession of the early 1980s.

Branded lingerie manufacturers bore the brunt of the early 1980s recession and the direct towards own label merchandise has enabled Debor to increase its share of the bra market from 7.1 per cent in 1981 to 8.9 per cent last year. According to the company's chairman, Mr David Parker, Debor plans to increase its market share by 1 per cent a year to 13 per cent in 1990.

Debor's turnover has risen from £4.2m to £8.8m between 1981 and 1985, while pre-tax profits have grown from £580,000 to £1.37m.

The company will place 18.6 per cent of its issued share capital or 1,537m shares on the USM's stockholders, Capel-Cure Myers, will procure subscribers for 637,000 ordinary shares at 130p and purchasers for 900,000 ordinary shares at 129p.

Tip Top plans full listing

Tip Top, the leading drugstore chain in Scotland and the north of England, is being floated on the stock market next week with a value of £18.6m. After Superdrug and Share Drug, Tip Top will be the third among the big four UK drugstore chains to go public.

The company, founded in 1967, is forecasting pre-tax profits for the year to May 1986 of £1.25m on sales of £29m. The prospectus will be advertised on Monday for a sale of shares by Kleinwort Benson which will raise about £5m, £2m of which will be for the company. The shares are to be sold on a prospective p/e of 21.5, and the application list opens on May 1.

Brokers to the issue are James Capel.

Jury's oversubscribed

The Investment Bank of Ireland states that, the offer for sale of 5m ordinary shares of 25p each at 115p per share in Jury's Hotel Group's attracted applications for a total of approximately 31m shares. Allowing for applications from staff, the amount available to the public was subscribed for approximately six-and-a-half times.

Grampian TV gets second half boost

Grampian Television, the BBA contractor for the north of Scotland, increased taxable profits by 35 per cent to £1.67m in the 1985/86 year. The second half showed a considerable improvement. In the first, profits were halved to £262,000.

The final dividend is raised from an adjusted 1.23p to 1.57p for a total of 2p against 1.66p. Earnings are shown ahead at 6.94p against 4.41p on both the ordinary and "A" ordinary non-voting shares.

In the period to February 28 revenue increased by 16 per cent to £17.75m (£15.32m). Advertising sales maintained their improvement and the directors are optimistic for the current year. They add, however, that with the pattern of change in the industry the longer term future is uncertain.

The current half figures are unlikely to look encouraging due to the uneven distribution of revenue throughout the year.

The Exchequer charge for the year fell from £385,000 to £28,000.

J.W. Spear profits at £884,000

J. W. Spear & Sons, manufacturer of board games, reports taxable profits of £884,000 (£858,000) for 1985 year on turnover of £9.63m (£8.3m). Earnings per share were 22.24p (11.63p). Solitary final dividend is 6p (4p).

Whatman Reeve meets City target with £1m rise

SECOND HALF pre-tax profits of Whatman Reeve Angel, manufacturer of laboratory supplies, increased from £2.41m to £2.95m and lifted the full 1985 figure to £5.81m, in line with City expectations. This is compared with £4.62m for the previous 12 months.

The directors say that the group's business continued to show good progress so far in the current year, and the outlook for 1986 is for sustained growth.

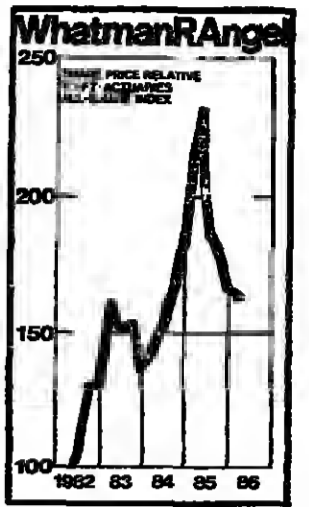
They add that the introduction of new products and the company's confidence in existing ones are such that progress is expected to continue over the medium and longer term.

Turnover for 1985 was down from £33.55m to £31.84m but trading profits were higher at £3.97m, compared with £4.51m. Pre-tax figure was after interest payable of £105,000 (£13,000 received) and the employee

share participation scheme, which took £255,000 (£201,000). After tax of £2.53m (£2.22m) earnings are shown as 14.23p (11.07p), and 13.94p (10.79p) fully diluted. The dividend is stepped up to 2.45p (2p) with a final of 1.63p.

The Balston division—gas and liquid filtration systems—continued its expansion programme, directors state, in terms of marketing, production and new products. The new marketing company in France and Singapore produced excellent results in its first full year, while significant progress was also made in Japan.

The four businesses into which Whatman International is divided, all made good progress, the directors say. The laboratory dealer business showed an acceleration in sales during the 12 months while contract manufacturing results were encouraging. Current



indications here are for an excellent year, the directors say.

Audio Fidelity recovering with £170,000 profit

FOLLOWING THE return to profits in the second half of last year, Audio Fidelity, manufacturer of hi-fidelity sound equipment, turned in taxable profits of £170,000 for the eight months ended December 31 1985, compared with losses of £36,000 for the six months to end October 1984, and was generally in line with expectations.

Profit for the 1984-85 year was £86,000 (£159,000 loss). Last October, the directors said that the first four months of the current year had seen a continuation of encouraging

progress. Turnover for the eight months expanded from £1.87m to £3.29m and directors say that exports exceeded the level achieved for the whole of the 1984-85 year. They add that compared with the same trading period of that year external sales increased by some 20 per cent.

After tax of £48,000 (nil) there was a £122,000 profit (£36,000 loss) equivalent to 4.49p earnings (1.31p loss) per 10p share. No dividend has been paid since 1981.

Tate & Lyle Canada expansion

Second quarter pre-tax profits of Tate & Lyle's Canadian subsidiary Rodpath Industries increased to C\$11.53m (£5.41m) against C\$8.78m, and lifted the six month figure ended March 31 1986 to C\$22.96m (£10.78m), compared with C\$18.95m.

Revenue for the second period expanded from C\$102m to C\$137m and lifted the mid-way total to C\$269m (£126.3m) against C\$186m. The US sugar operations performed well in the second quarter.

It is with great pleasure that we announce our preliminary results.

BRENT WALKER HOLDINGS PLC and subsidiary companies

Financial Highlights (for the year ended 31st December, 1985; unaudited) 1985 1984

	1985 £000's	1984 £000's
Turnover	15,702	19,906
Operating profit	4,825	3,398
Profit on ordinary activities before taxation	3,723	2,090
Taxation	(589)*	(68)
Profit on ordinary activities after taxation	3,134	2,022
Dividend per ordinary share	4.00p**	†
Retained profit for the year	2,095	2,035
Earnings per ordinary share	13.77p	8.92p

*1985 for half-year only

**No dividend was paid prior to the quotation of the company's shares in May 1985

(And it's with great pleasure that we achieve them.)

Our preliminary results could be compared to our hotels, restaurants, leisure centres, casinos, marinas, sporting clubs, films and television productions. For once again, they're a source of pleasure.

Our overall profit has increased by over 50%, and all our businesses have made substantial progress.

Our hotel, leisure centre and catering division continues its steady growth. Profits from our stadia and sporting clubs have more than doubled.

Our film, television and video division has again produced a healthy return.

And major new projects such as our Brighton Marina Development mean that the future is looking even better than

the present.

Results like these underline the fact that leisure is one of the market's most dynamic sectors, and that Brent Walker is one of the fastest-growing groups within it.

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TECHNOLOGY

Setting AGVs free to roam the shopfloor

AT Caterpillar Tractor's plant in Aurora, Illinois, three automatic guided vehicles (AGVs) transport around the shopfloor tubs of engine components for the wheeled loaders and excavators made there.

The small electric carriers do not look much different from those AGVs used in several hundred factories in the US, Europe and the Far East, except for their slightly larger and more rugged appearance. But these AGVs are very different indeed, because unlike almost all their cousins used in manufacturing and assembly sites around the world, they do not depend on any form of floor-fixed wire guidance.

Developed jointly by the electrical projects division of GEC in the UK and Caterpillar, and on sale from September, it is claimed to be the first free ranging AGV system of its type. Its makers say this gives it advantages in flexibility and installation costs and that this AGV system can be used on uneven or rough factory floors as well as in the open air.

Its main markets are expected to be the metals industries for material handling, pharmaceuticals and food industries, but it might also find its way into baggage handling at airports and railway stations. It has fewer applications in assembly areas but can work

Nick Garnett on an innovative truck guidance system from GEC-Caterpillar

alongside floor-mounted systems.

Until now most AGVs have been inductively guided by a fixed-path wire in the factory floor; made to follow a floor-mounted metal strip using sensors or track themselves along white painted lines by optical scanners.

The GEC-Caterpillar system uses none of these. Instead it is based on a central computer which holds in its memory an electronic map of the factory. This includes the layout and width of aisles, and positions of the docking points like conveyors or individual machine tools) to which the AGV will be required to go for loading and unloading.

Requests for a load movement are tapped into the computer on push button panels located at various places on the shopfloor. The central computer allocates the nearest AGV for the job and selects the route. It then transmits all the coordinates of the route to the AGV's onboard mini computer and instructs it to move off.

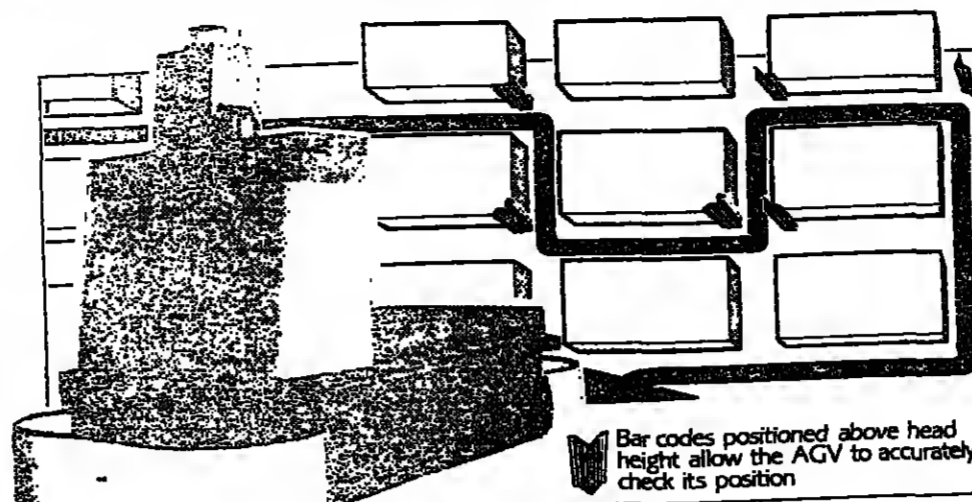
As the AGV trundles around the factory its onboard computer continuously logs the movement of the vehicle and constantly checks its exact position. This is done by emitting a laser beam directed at a series of bar codes—reflective material on a plastic background—positioned around the factory just above head height. The reflected beam is then picked up by the AGV's sensor.

This additional means of informing the AGV exactly where it is in the factory is vital because the positioning system using just the designated route coordinates cannot be fully accurate.

The movement of the AGV is logged by "dead-reckoning" based on the revolutions of its front wheel and its movements left to right when it navigates a corner. But the wheel can slip, its tyres wear away and the AGV will be continuously knocked slightly off course by floor undulations and floor debris (it can roll over a two-inch thick piece of wood). Laser scanning gives it its exact position.

The laser signal is emitted twice a second but the AGV will travel 10 metres without receiving an update.

The Aurora plant, the main site of which is a quarter of a mile long, has 120 bar code



targets, though GEC says this number could be reduced. Bar codes are housed on pillars or free standing poles and the position of the AGVs in the factory is updated on the colour monitor every two seconds.

The GEC-Caterpillar vehicle—a transporter which will also be available in reach lift-truck form—has the usual infra-red look-ahead and side sensors which stop the vehicle once it touches an obstacle. An added safety feature is possible collision zones on the electronic map. These are areas where AGVs cross over on their separate routes or pass very close to each other. Approaching such a zone the AGV asks the central computer whether it is safe to proceed.

The system has some limitations and potential dis-

advantages. If the AGV meets a temporary and unexpected obstruction it will not manoeuvre around it but instead sound a horn. The AGV can then be moved using hand control. This obviously places a premium on keeping the factory very tidy.

The advantages though are potentially impressive. Fixed wire systems are expensive and time consuming to lay and to change if alterations to factory layout are required. Installation typically costs 70 per cent of an AGV system (the rest made up by the hardware), according to Caterpillar, which claims its system will be very price competitive.

In contrast, the computer software route map can be altered within five minutes. That should suit those companies

particularly supplying consumer goods that are forced to switch output around the plant to meet market demand. The mapping of a factory by tape measures, and positioning the bar codes should take no longer than a day or two with no disruption to production.

The heavy duty AGV, based on a Caterpillar forklift chassis, with one square metre and two tonne load capacity and 18 in diameter wheels can be used on rough floors, up ramps and in the outdoors (though it has yet to be tested under fog and rain conditions).

Clem Jansen, GEC electrical projects managing director, says it might also have military applications as a free-roaming transporter bouncing direction-checking laser signals off satellites.

Fierce competition for market share

IN LINE with the rather startling arrival of factory automation, the emergence of floor guided AGVs, the technology of which has been known for more than 20 years, has progressed much more slowly than observers predicted in the late 1970s.

Nevertheless, between a thousand and 2,000 AGVs are thought to be sold each year, the biggest market being the US auto industry—in particular, General Motors. GM has 2,000 AGVs on order.

Grant Meloeck, Caterpillar's project manager, estimates that the AGV market might be worth \$500m a year in Europe within five years and a similar amount in the US.

A large number of companies manufacture AGVs. At least 14 companies, for example, export their vehicles to the UK where there are probably no more than 40 or 50 plants using such vehicles.

Some AGV manufacturers like the West German company Wagner have no developing programmes that will take an AGV off the guidance wire for small amounts of free movement. Other companies are trying to develop free roaming systems similar to that of GEC and Caterpillar.

The US company TOR has also developed a free roam-

ROCKSTAR

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CONSTRUCTION EQUIPMENT

ing system using ceiling mounted laser reflectors with some similarities to that of the Anglo-American joint venture.

GEC has developed the overall guidance system and software, with Caterpillar manufacturing the chassis and steering mechanism at its Leicester plant in England. Research was started by GEC in 1980 (Caterpillar joined the project in 1983) with total development cost put at £7m. The system, including the vehicles will be made solely in Britain.

Mr Meloeck says the venture is very important to Caterpillar. The system will be sold through the company's equipment dealers. Mr Meloeck says this will require considerable dealer training. The dealers will install the system, including the factory mapping, and Caterpillar says that changes to the software program can be made by the client company's shop-floor workers.

It is less important to GEC. The AGV is the most ambitious piece of equipment produced by the electrical projects division which is one of the main planks in GEC's attempts to reduce reliance on its traditional businesses, like power generation.

New weapon system to tackle cancer

BY DAVID HSHLOCK, SCIENCE EDITOR

A NEW weapon system to attack cancer is being developed in Britain. It is composed of a vehicle, which homes specifically upon the tumour and which carries a warhead powerful enough to destroy its target.

The warhead will be a drug or a source of radiation toxic to cancer cells. The vehicle will be a monoclonal antibody designed to find a particular tumour, and strong enough to carry its toxic burden all the way to the target without breaking apart.

Under an agreement announced this week, American Cyanamid is funding an initial two years of research by Celltech of the UK to design a new vehicle by genetic engineering, at a cost of £5m. The Lederle Laboratories division of Cyanamid already has a range of cytotoxic (cell-killing) drugs. Working with US academics, it also has experience of trying to combine them with monoclonal antibodies (mabs).

The potential of mabs as a new way of administering drugs much more specifically, without damaging other parts of the patient, was recognised soon after their discovery at the Laboratory of Molecular Biology in Cambridge in 1975. It has led to a new cancer therapy pioneered in Britain by Dr Agamemnon Epenetos, of the Royal Postgraduate Medical School at Hammersmith, whose research is paid for mainly by the Imperial Cancer Research Fund.

Using techniques he developed at the ICRF laboratories in London, Dr Epenetos is directing radio-isotopes into tumours first to "image" the tumour so that he knows precisely its size and shape, and then to treat the tumour by radiotherapy. Throughout the radiation treatment he continues to use radio-imaging to monitor progress.

A variety of radio-isotopes have been explored as sources of cell-killing radiation. Dr Epenetos is using iodine-125 supplied by Amersham International, which emits weak gamma-rays of short enough range for its "kill-circle" to stay small, preferably within the tumour. A somewhat stronger but very short-lived source of gamma-rays, from indium-111, is required to produce the images for diagnosis and the control of the therapy.

According to Dr Epenetos, his technique has far fewer side effects than conventional radiotherapy for cancer of the ovaries, which kills nearly 4,000 women in Britain each year. The cancer laboratory at the Institute of Child Health in London, is trying the technique as an alternative to conventional radiotherapy for brain tumours in children, where the more general use of radiation can slow up the child's mental and physical development.

Alternatively, cell-killing drugs—of which there are many—can be combined with what Dr Walter Bodmer, director of research for the ICRF, calls "these almost magical reagents." His drug targeting laboratory in London is developing new conjugates of drugs and mabs.

But a limitation with the mabs available so far is their load-carrying capacity. When loaded up with enough of the cell-killing agent to give them a useful lethal potency once implanted in the target, they are liable to break apart. This means they can leave a trail of poison through the body—precisely what the technique is intended to avoid.

Celltech, as pioneers in the production of mabs, with its own

strong links to academic inventors in the laboratories of the Medical Research Council, etc., believes stronger conjugates must be designed from scratch. Its researchers are applying the techniques of recombinant DNA (genetic engineering) to the design of new mabs specifically as vehicles for toxic agents.

As Celltech scientists see the problem, with currently available mabs they are restricted to using "gentle chemistry" in making the conjugate, says Dr Norman Carey, its research director. Otherwise the chemistry will damage the mab. But "gentle chemistry" means weak bonds which break easily. Therefore, Celltech, at its laboratories near Slough, plans to design what Dr Carey calls "completely new chemical entities"—molecules tailored to home in on a specific protein produced by the target tumour, more securely to the target, its starting point will be to take an antibody known to recognise a particular tumour, then try to identify the smallest component of that antibody which still retains the specificity of the whole mab. Other components can then be discarded, he hopes.

The next step will be to provide the isolated fragment of mab with a stronger kind of linkage with which it can bond more securely to the therapeutic agent. These links will be specially engineered, as a set of modules which can be selected according to the task required.

The target, then, is a Meccano-like kit of modules from which the doctors can assemble the tools needed to diagnose, treat and monitor progress of the treatment. Ideally, the modules will be versatile enough to allow "cocktails" of therapeutic agents to be used simultaneously.

Such a versatile toolkit may allow the use of potent drugs and radioactive agents which have never previously been tried in patients because their side-effects are considered too dangerous. Much smaller doses may suffice if they can be confined to the tumour itself. Dr Carey says Celltech has already genetically engineered a number of model mab systems, and shown that it can cultivate them. It is working closely with the Laboratory of Molecular Biology. The company has already applied for patents and, he says, "is very confident of a quite strong patent position."

The technique is not expected to be a universal one because it depends on finding a "marker" or specific protein in each tumour on which the mab can home. Sometimes there will be no such marker; sometimes the marker will disappear while the patient is still being treated.

Cyanamid, however, sees it initially as a way of treating tumours not easily treated by drugs or radiotherapy at present because of the serious side effects for patients. They include cancers of the breast, colon and stomach. As for costs, Dr Peter Brock, Cyanamid's medical director in Britain forecasts savings in the cost of treating the side-effects of each bout of therapeutic treatment at present, which often puts patients in hospital for several days.

"There is no doubt in our minds that Celltech's second-generation approach will lead to exciting new products," predicts Mr David Lilley, deputy managing director of Cyanamid in Britain. His firm forecasts that by 1995 the new approach using genetically engineered mabs could be earning as much as 15 per cent of a \$2bn annual market for anti-cancer drugs.

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COMMODITIES AND AGRICULTURE

Oil prices slip on Norwegian strike news

By Richard Johns

OIL PRICES remained firm yesterday in spite of a warning by Sheikh Ahmed Zaki Yamani, the Saudi Minister of Oil, that they were likely to fall again. But later the market showed signs of slipping when it became known the Norwegian Government was to announce an enforced settlement of the offshore rig workers' strike.

Brent for early May delivery traded at \$22.50 per barrel when the buyer's rate talked about for next month rose to \$22.90-\$23.10 on Wednesday.

Following the news from Oslo it fell to \$22.50-\$22.70. Analysts observed, though, that the market has held up surprisingly strongly since the Opec meeting ended on Tuesday with majority decision to set a higher, more realistic ceiling on collective output for the last two quarters of 1986 and to attempt to reassess production discipline.

American Petroleum Institute figures issued on Wednesday showing refinery runs up 900,000 barrels a day were cited as one reason.

At the same time the limited Opec accord was regarded as a positive development. "The market interpreted it as bullish," Mr Peter Beutler, an analyst with Rudolf Wolfe of New York, commented.

Talking to the Arab-Swiss Chamber of Commerce in Geneva yesterday, Sheikh Yamani estimated that the amounts of supplies from producers outside Opec were 500,000 barrels a day to 1m b/d in excess of market demand. "With that amount of oil floating in the market trying to find a market price will come down," he said.

The Saudi Minister repeated his call to non-members to collaborate with Opec. He cited the U.S., Canada, Britain and Norway as the producers which he expected to make "involuntary" cuts in output totalling 1m b/d. He estimated that 500,000 b/d of capacity had already been shut-in because of low prices.

Yesterday, Mr Kaare Kristiansen, Norway's Minister of Oil, was quoted by the International Herald Tribune as saying that Norway would consider moves to support prices if Opec reached a firm accord on production control.

EEC farm talks set for 5th day

THE EEC farm price marathon was last night set to break into a fifth day, without a clear end in sight.

After more than 12 hours of bilateral negotiations with 12 member states, the Dutch chairman Mr Gerrit Braks was still seeking tomorrow the differences far enough for the European Commission to submit a new set of price proposals.

Mr Frans Andriessen, the Farm Commissioner, said that the package must maintain an effective price freeze, and seek to restrain the production of more food surpluses, while keeping budget costs to a minimum. Without any changes, the package would cost an extra Ecu 1.5bn this year.

Virtually all the Ministers were last night looking for further concessions on cereals, cash, with Mr Ignaz Kiechle of West Germany in the vanguard.

The major German difficulty is over the planned cereals regime, which would raise quality standards for cereals and thereby impose an effective price cut for many growers in Germany, as well as the UK and Ireland.

BRITAIN, THE US and West Germany are facing severe criticism from developing countries for allowing private mining companies to begin sea-bed exploration while continuing to refuse to sign the Law of the Sea Treaty which seeks to regulate such operations.

At the latest session of the UN Conference on the Law of the Sea, which ended in Kingston, Jamaica, this month, developing nations presented a resolution describing British and West German action in giving the green light to the companies as "wholly illegal and devoid of any basis for creating legal rights." The US was similarly condemned at an earlier session of the conference.

The arguments concern the orderly recovery and processing of billions of tonnes of polymetallic nodules on the international seabed, containing varying quantities of manganese, copper, cobalt and nickel.

The developing countries are worried that if industrialised states do not sign the Treaty there will be a danger of chaos in seabed mining and the exploitation of the minerals to the detriment of land-based producers.

They argue that the private companies based in countries which are not signatories will be able to operate at will, leading to disorder, flooded markets and depressed prices. Delegates have

Malaysia rejects miners' call for tin price support

BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN Government has rejected appeals from its tin miners for special assistance in the current depressed market.

Instead, Datuk Paul Leong, the Minister of Primary Industries, told the Malaysian Chamber of Mines' annual meeting here yesterday that the way out of the current difficulties was for miners to be competitive in the free market, find greater uses for tin, and diversify into other mining activities.

The appeal for governmental aid came from Mr Haji Mokhty, the outgoing Chamber president, who called on the authorities to set up a national fund to buy up tin produced by Malaysian miners.

He warned that the current depressed prices, which were expected to persist for at least two years because of large surplus tin stocks on the world market, would damage Malaysia's productive capacity and reduce its market share.

He said a recent cost study showed Malaysia would be able to produce only 7,400 tonnes if



Datuk Paul Leong, Malaysia's Primary Industries Minister

the price was at 17 ringgit (\$6.74) a kilo, 13,000 tonnes at 18.50 ringgit, and 19,000 tonnes at 20 ringgit. These figures represent only 12.3 per cent, 23 per cent and 31.6 per cent respectively of Malaysia's normal annual production capacity of 60,000 tonnes. Current prices on the Kuala Lumpur Tin Market are below 15 ringgit a kilo.

A senior Malaysian Cabinet Minister said there was no question of the Government considering a national stockpile fund.

Referring to the International Tin Council bufferstock operation, the Minister said: "What we had been doing during the past few years was buying back our own tin through the ITC at high prices, while allowing non-ITC producers like Brazil to sell its tin on the world market."

Figureed by Datuk Leong in his speech to the miners brought home the devastating impact on the Malaysian tin industry of the collapse of the tin market after the ITC ran out of money last October for its price support operations. The number of active miners fell from 626 in 1982, employing 28,400 workers, to 235 at the end of last year, employing only 15,700 workers. Since then, the mine workforce has shrunk further to 11,800 at the end of last month.

Tin production fell from 52,324 tonnes in 1982, worth 1.5bn ringgit, to 38,580 tonnes last year, worth 787m ringgit.

Alfonso comes to assistance of protesting Argentine farmers

BY OUR BUENOS AIRES CORRESPONDENT

PRESIDENT RAUL Alfonsin has moved swiftly to try and defuse mounting protests from Argentine farmers by announcing a 10.75 per cent increase in wheat support prices and reiterating his Government's promise to phase out taxes on agricultural exports.

The modest measures, announced before the Federation of Argentine Agricultural Cooperatives on Tuesday, came in response to Monday's one-day agricultural strike which paralysed rural economic activity but at the same time revealed divisions among the farmers themselves.

The wave of farm protest stems from sharp declines in commodity prices and from Argentine efforts to keep inflation under control. Agricultural consultants say farmers are

facing their worst crisis since the 1930s.

Wheat prices in Argentina have dropped by more than 25 per cent since last December and 60 per cent in the past year. Other crops have performed only slightly better: sorghum prices declined by 47 per cent and maize prices by 15 per cent as a result of depressed world market conditions and weather-related crop losses.

Argentine export earnings, over 70 per cent of which come from sales of agricultural products, will register a loss of \$3bn this Monday's demonstrations fell well short of organisers' expectations and led to heated confrontations between moderates and militants as the latter seized the initiative, cutting off roads and heckling organisations.

spokesmen.

Farm leaders are concentrating their efforts on persuading the Government to eliminate the export taxes, which accounted for \$1.3bn in state revenue in 1984 and are regarded by farmers as an enforced subsidy for inefficient industry and for the hoarded public sector.

But many farmers are dissatisfied with their leaders' approach. The smaller producers, who are not directly involved in exporting, are more concerned with the level of support prices.

Both sides are expected to try to cool the temperature over the next few weeks as representatives of the Economics Ministry, and of the farming industry, attempt to hammer out some areas of agreement.

Wheat Council forecasts further stocks increase

By ANDREW GOWERS

WORLD WHEAT stocks are expected to rise for the sixth successive year in 1986-87 against the background of another record crop and stagnant international trade, according to projections released yesterday by the International Wheat Council.

In its latest market report, the IWC has revised upwards its estimate for this year's wheat harvest to 525m tonnes, 5m tonnes above its original forecast two months ago and 15m tonnes above the 1985 level.

Although consumption, too, is expected to rise to about 516m tonnes this will not be sufficient to prevent a further build-up of carry-over stocks.

Production is expected to rise sharply from last year in Canada, France, Italy and the UK, while output could register a small decline in the US.

The price outlook remains deeply gloomy for wheat producers, according to the report. And while lower prices, coupled with the lower dollar, should theoretically boost demand among importers, this effect is expected to be offset to some extent by financial constraints among the developing countries.

—joined now by oil producers hit by falling crude prices.

The report says it is difficult to quantify the beneficial effects currency movement will have, for two reasons. First, the currencies of the poorest countries do not necessarily appreciate as the dollar in line with those of wealthier nations. Second, governments in the developing world "could prefer to retain any savings accruing from lower dollar prices of grain and oil to finance development of domestic agriculture."

World wheat trade is forecast at 90m tonnes next season, only 2m above the 1985-86 level.

The council notes pointedly that export subsidies and credit measures have become "an established feature of the world wheat economy, although their trade-creative effect has been minimal."

World output may decline by about 2 or 3 per cent from the current season's level, the council says.

EEC in fresh talks on sugar imports

By Canute James in Kingston

AN ATTEMPT to end a protracted dispute over the price of sugar supplied to the European Community by producers of the Caribbean, the Pacific and the Indian Ocean has been made today by Ministers representing the two groups.

The producers, who have an export quota of 1.4m tonnes a year, have been unhappy with the Community offer of a price increase of 1.5 per cent. They are requesting the level to be raised to 1.33 per cent, the same as the Community producers' sugar exporters have argued that the difference in the margins would cost the group about \$560,000.

"They say the more is discriminatory, and that the Community was not adhering to the agreements under which the sugar is being supplied. The negotiations began last July and are intended to cover the current delivery period, which ends in June. Representatives of the producers say they are hoping that this week's talks will end with an agreement which would permit the producers to be compensated for what they would lose for the year.

craft, also of the US, Billiton, a subsidiary of Royal Dutch Shell, and BKN Ocean Minerals of the Netherlands.

In spite of the split between the countries involved, the latest four-week session is regarded by some diplomats as having made some progress towards the implementation of an internationally accepted regime for seabed mining.

An agreement reached by France, Japan, India and the Soviet Union on resolving overlapping claims to seabed mining sites was described as a "significant development" by Mr Ken Rattray, the rapporteur of the conference.

It appears, however, that it will be some time yet before commercial exploitation of seabed minerals can be undertaken. Conference sources said several companies were having difficulty in presenting viable proposals to financiers.

"Banks would be reluctant to cough up the millions of dollars which research and development of seabed mining technology will need for the next decade until they are clear on what will come out of these efforts to implement an internationally accepted convention," said one diplomat.

"They do not want to be caught financing a company and then five years later that an effective international law makes that company's operations totally illegal."

LONDON MARKETS

THE DOWNTURN in cocoa futures prices which began on Wednesday, continued yesterday with nearby values falling the 546 permissible daily limit and then registering further losses after the mandatory 15 minutes break in trading. The July quotation ended the day 287 down at \$1,356.50 a tonne, the lowest level since May 1983.

Dealers said there had been a profound change in sentiment following the steady recent times. They said there was background talk that the Ivory Coast has sold substantial current crop beans and that Ghana had made new crop sales. The dollars continued weakness was a further depressant factor for the market. The decline was featured by new short selling, some of it influenced by the new, bearish appearance of chart patterns. What little buying there was represented price fixing against jobber short-covering, the dealers said.

LMKE prices supplied by Amalgamated Metal Trading.

ALUMINIUM

Unofficial + or - Official closing (m) Cash 769-61 (24.9) three months 769-61 (24.9) Final mark 769-61 (24.9) Turnover: 35,250 tonnes.

COPPER

Higher grade (unofficial) + or - Official closing (m) Cash 237-5 (93.5) three months 237-5 (93.5) Final mark 237-5 (93.5) Turnover: 1,500 tonnes.

LEAD

Unofficial + or - Official closing (m) Cash 237-5 (93.5) three months 237-5 (93.5) Final mark 237-5 (93.5) Turnover: 1,500 tonnes.

ZINC

Unofficial + or - Official closing (m) Cash 237-5 (93.5) three months 237-5 (93.5) Final mark 237-5 (93.5) Turnover: 1,500 tonnes.

GOLD

Gold fell 5 1/2 on a surge from Wednesday's close in the London bull market yesterday to \$344.345. The price advanced a measure of 1/2 cent and speculative buying, reports from London and New York, helped to trim the gains.

COFFEE

Prices advanced steadily until mid-afternoon with trade short-covering encouraged by a measure of cheer and speculative buying, reports from London and New York, helped to trim the gains.

NICKEL

Unofficial + or - Official closing (m) Cash 237-5 (93.5) three months 237-5 (93.5) Final mark 237-5 (93.5) Turnover: 1,500 tonnes.

SILVER

Silver was fixed 3.5p on a surge from Wednesday's close in the London bull market yesterday to \$344.345. The price advanced a measure of 1/2 cent and speculative buying, reports from London and New York, helped to trim the gains.

SUGAR

Unofficial + or - Official closing (m) Cash 237-5 (93.5) three months 237-5 (93.5) Final mark 237-5 (93.5) Turnover: 1,500 tonnes.

WHEAT

Unofficial + or - Official closing (m) Cash 237-5 (93.5) three months 237-5 (93.5) Final mark 237-5 (93.5) Turnover: 1,500 tonnes.

BARLEY

Unofficial + or - Official closing (m) Cash 237-5 (93.5) three months 237-5 (93.5) Final mark 237-5 (93.5) Turnover: 1,500 tonnes.

RICE

Unofficial + or - Official closing (m) Cash 237-5 (93.5) three months 237-5 (93.5) Final mark 237-5 (93.5) Turnover: 1,500 tonnes.

CORN

Unofficial + or - Official closing (m) Cash 237-5 (93.5) three months 237-5 (93.5) Final mark 237-5 (93.5) Turnover: 1,500 tonnes.

SOYABEAN MEAL

Unofficial + or - Official closing (m) Cash 237-5 (93.5) three months 237-5 (93.5) Final mark 237-5 (93.5) Turnover: 1,500 tonnes.

COTTON

Unofficial + or - Official closing (m) Cash 237-5 (93.5) three months 237-5 (93.5) Final mark 237-5 (93.5) Turnover: 1,500 tonnes.

Wool

Unofficial + or - Official closing (m) Cash 237-5 (93.5) three months 237-5 (93.5) Final mark 237-5 (93.5) Turnover: 1,500 tonnes.

Hides

Unofficial + or - Official closing (m) Cash 237-5 (93.5) three months 237-5 (93.5) Final mark 237-5 (93.5) Turnover: 1,500 tonnes.

Rubber

Unofficial + or - Official closing (m) Cash 237-5 (93.5) three months 237-5 (93.5) Final mark 237-5 (93.5) Turnover: 1,500 tonnes.

Peanut Oil

Unofficial + or - Official closing (m) Cash 237-5 (93.5) three months 237-5 (93.5) Final mark 237-5 (93.5) Turnover: 1,500 tonnes.

Soybean Oil

Unofficial + or - Official closing (m) Cash 237-5 (93.5) three months 237-5 (93.5) Final mark 237-5 (93.5) Turnover: 1,500 tonnes.

Vegetable Oil

Unofficial + or - Official closing (m) Cash 237-5 (93.5) three months 237-5 (93.5) Final mark 237-5 (93.5) Turnover: 1,500 tonnes.

INDICES

REUTERS

April 25 1986. 1986/87. 1985/86. 1984/85. 1983/84. 1982/83. 1981/82. 1980/81. 1979/80. 1978/79. 1977/78. 1976/77. 1975/76. 1974/75. 1973/74. 1972/73. 1971/72. 1970/71. 1969/70. 1968/69. 1967/68. 1966/67. 1965/66. 1964/65. 1963/64. 1962/63. 1961/62. 1960/61. 1959/60. 1958/59. 1957/58. 1956/57. 1955/56. 1954/55. 1953/54. 1952/53. 1951/52. 1950/51. 1949/50. 1948/49. 1947/48. 1946/47. 1945/46. 1944/45. 1943/44. 1942/43. 1941/42. 1940/41. 1939/40. 1938/39. 1937/38. 1936/37. 1935/36. 1934/35. 1933/34. 1932/33. 1931/32. 1930/31. 1929/30. 1928/29. 1927/28. 1926/27. 1925/26. 1924/25. 1923/24. 1922/23. 1921/22. 1920/21. 1919/20. 1918/19. 1917/18. 1916/17. 1915/16. 1914/15. 1913/14. 1912/13. 1911/12. 1910/11. 1909/10. 1908/09. 1907/08. 1906/07. 1905/06. 1904/05. 1903/04. 1902/03. 1901/02. 1900/01. 1899/00. 1898/99. 1897/98. 1896/97. 1895/96. 1894/95. 1893/94. 1892/93. 1891/92. 1890/91. 1889/90. 1888/89. 1887/88. 1886/87. 1885/86. 1884/85. 1883/84. 1882/83. 1881/82. 1880/81. 1879/80. 1878/79. 1877/78. 1876/77. 1875/76. 1874/75. 1873/74. 1872/73. 1871/72. 1870/71. 1869/70. 1868/69. 1867/68. 1866/67. 1865/66. 1864/65. 1863/64. 1862/63. 1861/62. 1860/61. 1859/60. 1858/59. 1857/58. 1856/57. 1855/56. 1854/55. 1853/54. 1852/53. 1851/52. 1850/51. 1849/50. 1848/49. 1847/48. 1846/47. 1845/46. 1844/45. 1843/44. 1842/43. 1841/42. 1840/41. 1839/40. 1838/39. 1837/38. 1836/37. 1835/36. 1834/35. 1833/34. 1832/33. 1831/32. 1830/31. 1829/30. 1828/29. 1827/28. 1826/27. 1825/26. 1824/25. 1823/24. 1822/23. 1821/22. 1820/21. 1819/20. 1818/19. 1817/18. 1816/17. 1815/16. 1814/15. 1813/14. 1812/13. 1811/12. 1810/11. 1809/10. 1808/09. 1807/08. 1806/07. 1805/06. 1804/05. 1803/04. 1802/03. 1801/02. 1800/01. 1799/00. 1798/99. 1797/98. 1796/97. 1795/96. 1794/95. 1793/94. 1792/93. 1791/92. 1790/91. 1789/90. 1788/89. 1787/88. 1786/87. 1785/86. 1784/85. 1783/84. 1782/83. 1781/82. 1780/81. 1779/80. 1778/79. 1777/78. 1776/77. 1775/76. 1774/75. 1773/74. 1772/73. 1771/72. 1770/71. 1769/70. 1768/69. 1767/68. 1766/67. 1765/66. 1764/65. 1763/64. 1762/63. 1761/62. 1760/61. 1759/60. 1758/59. 1757/58. 1756/57. 1755/56. 1754/55. 1753/54. 1752/53. 1751/52. 1750/51. 1749/50. 1748/49. 1747/48. 1746/47. 1745/46. 1744/45. 1743/44. 1742/43. 1741/42. 1740/41. 1739/40. 1738/39. 1737/38. 1736/37. 1735/36. 1734/35. 1733/34. 1732/33. 1731/32. 1730/31. 1729/30. 1728/29. 1727/28. 1726/27. 1725/26. 1724/25. 1723/24. 1722/23. 1721/22. 1720/21. 1719/20. 1718/19. 1717/18. 1716/17. 1715/16. 1714/15. 1713/14. 1712/13. 1711/12. 1710/11. 1709/10. 1708/09. 1707/08. 1706/07. 1705/06. 1704/05. 1703/04. 1702/03. 1701/02. 1700/01. 1699/00. 1698/99. 1697/98. 1696/97. 1695/96. 1694/95. 1693/94. 1692/93. 1691/92. 1690/91. 1689/90. 1688/89. 1687/88. 1686/87. 1685/86. 1684/85. 1683/84. 1682/83. 1681/82. 1680/81. 1679/80. 1678/79. 1677/78. 1676/77. 1675/76. 1674/75. 1673/74. 1672/73. 1671/72. 1670/71. 1669/70. 1668/69. 1667/68. 1666/67. 1665/66. 1664/65. 1663/64. 1662/63. 1661/62. 1660/61. 1659/60. 1658/59. 1657/58. 1656/57. 1655/56. 1654/55. 1653/54. 1652/53. 1651/52. 1650/51. 1649/50. 1648/49. 1647/48. 1646/47. 1645/46. 1644/45. 1643/44. 1642/43. 1641/42. 1640/41. 1639/40. 1638/39. 1637/38. 1636/37. 1635/36. 1634/35. 1633/34. 1632/33. 1631/32. 1630/31. 1629/30. 1628/29. 1627/28. 1626/27. 1625/26. 1624/25. 1623/24. 1622/23. 1621/22. 1620/21. 1619/20. 1618/19. 1617/18. 1616/17. 1615/16. 1614/15. 1613/14. 1612/13. 1611/12. 1610/11. 1609/10. 1608/09. 1607/08. 1606/07. 1605/06. 1604/05. 1603/04. 1602/03. 1601/02. 1600/01. 1599/00. 1598/99. 1597/98. 1596/97. 1595/96. 1594/95. 1593/94. 1592/93. 1591/92. 1590/91. 1589/90. 1588/89. 1587/88. 1586/87. 1585/86. 1584/85. 1583/84. 1582/83. 1581/82. 1580/81. 1579/80. 1578/79. 1577/78. 1576/77. 1575/76. 1574/75. 1573/74. 1572/73. 1571/72. 1570/71. 1569/70. 1568/69. 1567/68. 1566/67. 1565/66. 1564/65. 1563/64. 1562/63. 1561/62. 1560/61. 1559/60. 1558/59. 1557/58. 1556/5

Financial Times Friday April 25 1986

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar steady at lower levels

The dollar enjoyed a brief respite from its recent downward spiral yesterday as currency markets paused for breath. A combination of slackening momentum and worries about central bank intervention deterred speculators from mounting too short of dollars. However, there was little to suggest that the US authorities were likely to start supporting the dollar with recent comments by US officials all hinting towards a lower dollar.

However, small intervention by the Bank of Japan overnight prompted a little short covering and although sentiment remained bearish, the market seemed to lack direction for the time being. The dollar closed at DM 2.1900 after touching a low of DM 2.18 and compared with Wednesday's close of DM 2.1935, the yen fell from 166.70 to 167.70. The yen was barely changed from 166.70 but up from an early low of 167.70. Elsewhere in the dollar market, the Swiss franc fell from Sfr 1.5340 and Sfr 7.0100 compared with Sfr 7.0025. On the Bank of England figures, the dollar's exchange rate index rose to 114.6 from 114.5.

STERLING — Trading range against the dollar in 1986 is 1.5845 to 1.5770. March average 1.5851. Exchange rate index rose to 76.4 from 75.7 compared with a six months ago figure of 80.2. Sterling benefited from the

£ IN NEW YORK

Close	April 24	Prev. close
1 month	81.5500-1.0000	81.5500-1.0000
3 months	81.5500-1.0000	81.5500-1.0000
6 months	81.5500-1.0000	81.5500-1.0000

Forward positions and discounts apply to the U.S. dollar.

dollar's early weakness but held on to most of the day's gains as the dollar recovered. The high level of UK interest rates helped to underpin the pound while uncertainty caused by the recent round of Upe meetings needed a little. The pound rose to \$1.5855 from \$1.5840 and DM 3.5775 compared with DM 3.5745. It was also higher against the yen at ¥259.35 from ¥259.25. Against the French franc it was ¥167.55 from ¥167.70. Against the Swiss franc it was ¥166.70 from ¥166.70.

DMARK — Trading range against the dollar in 1986 is 2.1845 to 2.1770. March average 2.1851. Exchange rate index rose to 76.4 from 75.7 compared with a six months ago figure of 80.2. Sterling benefited from the

FINANCIAL FUTURES

Changing sentiment

Prices fell in interest rate contracts on the London International Financial Futures Exchange yesterday. Dealers spoke of a possible change in sentiment, where the market may be entering a bearish phase, after a period where simply buying a contract insured a profit. Fear that Japanese investors are finding the falls in yields on US Treasury bonds increasingly less attractive, helped fuel the sell-off

in bond futures, as well as speculation that the major central banks may not be prepared to keep on lowering interest rates. Wednesday's auction of two-year US Treasury notes was not received well, and contributed to the weaker trend. June Treasury bills opened slightly weaker at 100-15, and after a brief attempt to rally, taking the price up to a peak of 100-17, closed very weak at

LIFE LONG GILT FUTURES OPTIONS

Strike	June	Sept	Dec	Mar	June	Sept	Dec	Mar
110	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
115	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
120	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
125	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
130	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
135	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
140	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
145	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
150	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
155	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
160	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
165	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
170	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
175	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
180	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
185	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
190	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
195	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
200	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01

Previous day's open int. Cals 5,300, Puts 5,303

LIFE LONG GILT FUTURES OPTIONS

Strike	June	Sept	Dec	Mar	June	Sept	Dec	Mar
110	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
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125	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
130	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
135	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
140	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
145	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
150	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
155	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
160	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
165	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
170	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
175	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
180	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
185	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
190	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
195	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
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155	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
160	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
165	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
170	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
175	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
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145	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
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170	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
175	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
180	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
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195	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01
200	10.25	11.15	11.15	11.15	0.01	0.03	0.01	0.01

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LIFE LONG GILT FUTURES OPTIONS

in points of 100%.				
	Latent	High	Low	Prev
ne	93.25	93.51	93.26	93.26
pt	93.25	93.28	93.30	93.29
arch	93.10	93.23	93.17	93.19
arch	92.97	93.97	92.85	92.93
ne	92.75	92.72	92.72	92.68
pt	92.86	92.87	92.86	92.86
arch	92.67	92.37	92.26	92.35
ne	92.67	92.67	92.67	92.65
T-BILL DEPOSIT (MM\$)				
in points of 100%				
	Latent	High	Low	Prev
ne	93.58	93.58	93.58	93.58
pt	—	—	—	93.59
arch	—	—	—	93.45
arch	—	—	—	93.29
TREASURY BILLS (MM\$)				
in points of 100%.				

MINES—Continued

[illegible]

non-residents on application.
 report awaited.

[illegible]

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

First Declared Last Account
Dealing Dates
Apr 10 Apr 11 Apr 21
Apr 14 Apr 24 Apr 25 May 6
Apr 28 May 8 May 9 May 19
* New-time * dealings may take
place from 9.30 am two business days
earlier.

Acutely disappointing first
quarter figures from market
weather ICI set the seal on yet
another depressing session on
London stock markets yesterday.
Sustained at the outset by the
announcement of four takeover
bids — foremost amongst these
was the offer of around £37m
from P. and O. for the property
concern Stock Conversion — the
tone at the start of business was
steady to firm. Wall Street's
resilient overnight performance
was also a helpful factor.

However, around mid-morning
the atmosphere became
extremely sensitive as a number
of industrialists succumbed to
nervous selling awaiting the
announcement of ICI's figures.
In the event these proved to
be some 50m below lowest
estimates of £210m. As a result,
the ICI shares quickly retreated
to 85p before rallying on the
closing of the market to finish
15p lower on balance at 94p.
Other leading issues also
traded a late technical rally.
Reflecting the sudden malaise,
the Financial Times Ordinary,
down only 2.1 at 11.00 am, re-
corded a loss of 24.8 only a
couple of hours later. The
eventually reduced to a fall of
14.0 on the day at 1,343.0. Since
the beginning of the week the
index has lost just over 55 points.
Government securities regained
a measure of composure after
the previous day's shakeout.
However the underlying tone re-
mained clouded by uncertainty
about the future course of
interest rates and, after showing
fractional gains throughout the
list, the trend was towards lower
levels in the late dealings. The
new long term starting life at
a discount of a point in £25-paid
form.

Std. Chartered easier

Further Press comment on the
bid situation prompted renewed
dullness in Std. Chartered, the
which dropped to 795p at one
stage before rallying after-hours
to close a net 12 down and 63
lower on the week so far at
810p. Lloyds cheapened a few
pence to 585p. Elsewhere, Nat-
West redacted the overall dull
market trend with a fall of 15
at 870p, while Bank of Scotland
cheapened 6 to 415p after com-
ment on the annual results.
Hambro Trust, at 355p, lost 7
of the previous day's rise of 52
which greeted details of the bid
from parent company, NatWest.
The latter, meanwhile, continued
to reflect fading bid hopes and
lost 12 more making a two-day
decline of 50 at 253p, after 248p.
Lloyds broker Willis Faber
returned to prominence in
insurances, jumping 23 to 438p.
After 448p, on takeover specu-
lation.

Architects D. Y. Davies staged

Poor results from ICI put renewed pressure on equity markets

FINANCIAL TIMES STOCK INDICES

	Apr. 24	Apr. 23	Apr. 22	Apr. 21	Apr. 20	Apr. 19	Apr. 18	Apr. 17	Year ago
Government Secs.	83.38	85.11	84.33	84.33	84.61	84.61	84.61	84.61	81.28
Fixed Interest	96.90	96.94	97.31	97.35	97.40	97.35	97.35	97.35	98.88
Ordinary	1348.0	1359.0	1369.8	1374.0	1401.2	1401.2	1401.2	1401.2	1363.8
Gold Mines	864.8	872.5	877.3	870.0	871.7	871.7	871.7	871.7	812.1
Ord. Div. Yield	3.88	3.85	3.88	3.86	3.84	3.84	3.84	3.84	4.71
Earnings, Yld. & Div.	9.80	9.79	9.80	9.80	9.82	9.82	9.82	9.82	11.86
P/E Ratio (net)	16.30	16.50	16.77	16.84	16.14	16.14	16.14	16.14	10.36
Total Bargains (Est.)	30,165	29,879	29,879	30,068	31,999	31,999	31,999	31,999	32,970
Equity Turnover	105.1	105.1	105.1	105.1	105.1	105.1	105.1	105.1	105.1
Equity Turnover	105.1	105.1	105.1	105.1	105.1	105.1	105.1	105.1	105.1
Shares traded (m.)	387.9	378.7	353.3	327.1	329.4	329.4	329.4	329.4	286.3

100 Government Securities 15/10/76, Fixed Interest 15/10/76, Ordinary 15/10/76, Gold Mines 12/9/76, Activity 1974, Latest Index 01-248 9028, * Net 11-54.

HIGHS AND LOWS

	1988		Since Completion		INDIANS		Apr. '82	Apr. '82
	High <td>Low<td>High<td>Low<td>Daily</td><td>Edged</td><td></td><td></td></td></td></td>	Low <td>High<td>Low<td>Daily</td><td>Edged</td><td></td><td></td></td></td>	High <td>Low<td>Daily</td><td>Edged</td><td></td><td></td></td>	Low <td>Daily</td> <td>Edged</td> <td></td> <td></td>	Daily	Edged		
Govt. Bonds	94.51 (11/94)	80.39 (28/11)	127.4 (8/11/81)	49.18 (1/11/75)	Bargains	.....	173.8	148.8
Fixed Int.	87.94 (28/11)	86.33 (28/11)	150.4 (1/11/81)	49.18 (1/11/75)	Bargains	.....	175.6	170.9
Fixed Int.					Value	.....	1,218.5	1,460.5
Ordinary	148.93 (1/84)	109.13 (1/84)	142.3 (4/84)	49.5 (1/84)	Edged	.....	174.8	173.5
Gold Mines	87.75 (27/11)	83.75 (2/11)	126.3 (1/82/83)	49.5 (1/81/71)	Equities	.....	181.2	181.2
					Value	.....	1,639.3	1,710.5

WORLD STOCK MARKETS

AUSTRIA			GERMANY			NORWAY			AUSTRALIA (continued)			JAPAN (continued)		
April 24	Price	+ or -	April 24	Price	+ or -	April 24	Price	+ or -	April 24	Price	+ or -	April 24	Price	+ or -
Creditanstalt f. B.	2,490	+10	AEG	389.7	+1.2	Bergens Bank	150	-1.5	Can. Prop. Trust	2.5	-0.5	MHI	375	-5
Gösser	3,600	-150	Kilias Vers.	3,700	-50	Obste Bank	170	-1	Herdin (Hermes)	5.5	-0.5	Mitsui Bank	1,050	-10
Internat.	15,500	-500	SAP	3,700	-50	Obste Bank	170	-1	Herdin (Hermes)	5.5	-0.5	Mitsui Bank	1,050	-10
Junfermann	19,800	-100	SAP	3,700	-50	Obste Bank	170	-1	Herdin (Hermes)	5.5	-0.5	Mitsui Bank	1,050	-10
Laenderbank	3,800	+50	SAP	3,700	-50	Obste Bank	170	-1	Herdin (Hermes)	5.5	-0.5	Mitsui Bank	1,050	-10
Perfumer	700	-	SAP	3,700	-50	Obste Bank	170	-1	Herdin (Hermes)	5.5	-0.5	Mitsui Bank	1,050	-10
Seyr Dalmier	300	-10	SAP	3,700	-50	Obste Bank	170	-1	Herdin (Hermes)	5.5	-0.5	Mitsui Bank	1,050	-10
Styrischer Mag.	10,990	-350	SAP	3,700	-50	Obste Bank	170	-1	Herdin (Hermes)	5.5	-0.5	Mitsui Bank	1,050	-10

EUROPEAN BOURSES

Further range of peaks is scaled

Continued from Page 46

placement consortium gave no indication of the scale of support.

In the bond market, domestic issues suffered losses of up to 80 basis points as investors appeared confused by the course of interest rates and partially unsettled by the sharp fall overnight in the US bond market.

Bundesbank data indicate that the average yield on public authority paper rose to 5.48 per cent from 5.41 per cent. The central bank bought DM 27.9m worth of paper yesterday after purchasing DM 22.3m in the previous session.

Figures released by the bank also revealed that foreign purchases of German securities were at a record in this

first two months of the year.

Stockholm suffered a sharp reversal attributed by brokers to bearish local newspaper reports of bourse prospects. Some late uncertainty over today's supplementary budget proposal by the government also eroded investor confidence.

Volvo, most active ahead of its general meeting, fell SKr 4 to SKr 398. Asea slipped SKr 10 to SKr 490 after Wednesday's announcement that Flikt, its subsidiary, had won large US and West German orders.

Ericsson, which revealed a \$190m order from Mexico in the previous session, dipped SKr 8 to SKr 293.

The bourse authorities declared that a government committee proposal that all share purchases by foreign investors above a certain limit should be made public was unacceptable.

Zurich lost heavily for the second straight day, while Amsterdam finished mixed. Akzo moved ex-dividend and fell FI 2.50 to FI 169.50. Fokker fell FI 3.40 to FI 89.70 on its forecast for this year.

Nadlloyd announced a new transatlantic container service but lost 50 cents to FI 173.00.

The one point cut in the Italian discount rate to 13 per cent arrived too late to affect easier Milan trading. Madrid was lower in light trading.

Indices

NEW YORK-DOW JONES			1985/86			Since Completion		
April 24	April 23	April 22	April 21	April 20	April 19	High	Low	Low
Industrial	1,234.22	1,229.55	1,235.55	1,231.17	1,234.4	1,234.4	1,234.4	1,234.4
Transport	815.31	813.75	815.83	815.55	815.55	815.55	815.55	815.55
Utilities	167.22	167.83	168.34	168.34	168.34	168.34	168.34	168.34
Total	150	150	150	150	150	150	150	150

NEW YORK ACTIVE STOCKS			1985/86			Since Completion		
April 24	April 23	April 22	April 21	April 20	April 19	High	Low	Low
Industrial	278.84	278.78	278.84	278.78	278.84	278.84	278.84	278.84
Transport	242.86	241.75	242.42	242.38	242.38	242.38	242.38	242.38
Utilities	167.22	167.83	168.34	168.34	168.34	168.34	168.34	168.34
Total	150	150	150	150	150	150	150	150

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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued on Page 45

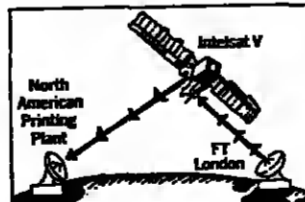
Prices at 2pm April 24

Continued from Page 44																				
12 Month	Low	Stock	Div. Yld.	P/E	52 Wk. High	Low	Stock	Div. Yld.	P/E	52 Wk. High	Low	Stock	Div. Yld.	P/E	52 Wk. High	Low	Stock	Div. Yld.	P/E	52 Wk. High
24	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
25	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
26	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
27	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
28	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
29	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
30	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
31	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
32	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
33	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
34	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
35	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
36	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
37	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
38	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
39	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
40	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
41	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
42	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
43	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
44	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
45	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
46	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
47	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
48	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
49	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
50	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
51	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
52	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
53	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
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60	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
61	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
62	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
63	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
64	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
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67	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
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69	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
70	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
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72	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
73	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
74	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
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81	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
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83	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
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87	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20
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100	16	PolyT-606	3.8	22	73	21	20	20	20	20	20	20	20	20	20	20	20	20	20	20

WE REGRET that this listing is incomplete due to computer problems.

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FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Divergent trends develop

DIVERGENT TRENDS developed on Wall Street financial markets yesterday, with federal bonds unsettled ahead of next month's funding programme by the US Treasury but stocks moving higher as the corporate results season unfolded, writes Terry Byland in New York.

Bonds plunged by a further 1½ points as the strength of the yen against the dollar reduced the appeal for Japanese investors of the US securities markets. Next week Wall Street expects the US Treasury to disclose details of the next quarterly financing programme. Japanese demand for these federal securities is essential, and the street trading houses are already shying away from the prospect that a weaker dollar will keep the Japanese away from the auctions.

But stocks, encouraged by results from the chemical sector and by firmness in IBM, remained in a positive mood. Buying was focussed around blue chips, however, leaving the broader range of the market looking dull.

At the Dow Jones industrial average was up 10.54 to 1,840.15. Renewed demand for IBM was regarded as a bullish sign for the markets. At \$157, IBM

added \$2 in hefty turnover. In the wake of Big Blue, Honeywell added \$2 to \$77½, and NCR \$1½ to \$52.

The Detroit stocks were mixed, as the industry analysts brushed off the latest fall in car sales figures. Ford fell \$1½ to \$83½, and Chrysler \$½ to \$37½ but General Motors managed to stay \$¼ ahead at \$82½.

General Electric stock remained unchanged at \$78½ on press suggestions that it was negotiating to buy control of Kidder Peabody, the Wall Street securities firm.

Good results from the chemical industry, which benefits both from lower oil prices and a lower dollar, helped the market rather more than the individual stocks. Du Pont added \$¼ to \$80 while Allied Signal, with interests now ranging outside the chemical sector, edged up \$¼ to \$51½. ICI, traded in New York in the form of American Depositary Receipts, eased \$½ to \$57½ in minimal turnover disclosing profits slightly lower than forecast by US analysts.

Telcel, the electronic market reporting group, held steady at \$17½ after a massive 4.1m share block was traded by Goldman Sachs. Mr William Miller, senior Telcel vice president, believes that the share block represented a disposal by British investors, including British & Commonwealth Shipping and several UK mutual funds. UK investors may have been alarmed by the decline of the dollar against sterling, added Mr Miller.

Exxon eased \$½ to \$57½ on its plan to shed 40,000 employees and to shelve a \$3bn joint North Sea venture with Royal Dutch/Shell. Standard Oil, formerly Sohio, and controlled by British Petroleum,

tell \$½ to \$44½ on lower earnings. Texaco, still embroiled with the \$1bn penalty payment claim with Pennzoil, added \$¼ to \$33 on the figures, while Pennzoil at \$49½ shed \$1, also on results.

Delta Airlines lost \$½ to \$46½ after disclosing a quarterly loss and the other air carriers were a shade easier. United edged up \$½ to \$62½ after the chairman said the second quarter should go better than the first.

But suggestions that US hoteliers will benefit strongly from the flight towards domestic tourism were played down in the investment press and Marriott Hotels plunged \$4½ to \$161, Hilton \$2 to \$78 and Ramada Inns \$½ to \$10. Walt Disney Productions, however, bounded ahead \$1½ to \$49½ on results. Other major names announced results including ITT, up \$½ to \$48, Chubb, up \$½ to \$72½ and Fireman's Fund \$¼ off at \$39½.

Elsewhere, Johnson & Johnson, the Tylenol manufacturer, gained \$1½ to \$67½ after confirming the loss caused by charge-offs in the first quarter.

Losses in the credit market were mostly at the longer end, where inflationary fears have been rekindled by the fall in the dollar. The yield on the key long-dated federal bond moved above 7.50 per cent once more.

Early gains in Treasury bill and market rates were clipped when the Fed again helped liquidity, this time with \$2bn in customer repurchases.

With federal funds down below 7 per cent again the Fed seemed to be confirming that it wants rates to remain low for the time being, even if it is less likely to cut discount rate again soon.

LONDON

ICI sparks chain reaction

ACUTELY disappointing first-quarter figures from market bellwether ICI set the seal on yet another depressing session yesterday.

The FT Ordinary index ended 14.0 down at 1,348.0, bringing its loss since the beginning of the week to just over 55 points. The more broadly based FT-SE 100 suffered a 17.2 fall to 1,815.5.

ICI shares shed 15p to 91½p after the announcement of the figures, which were about 15m below lowest estimates of £10m.

Gilt-regained composure after the previous day's shakeout, but the underlying tone remained clouded by uncertainty about interest rates and the trend was towards lower levels.

Chief price changes, Page 43; Details, Page 42; Share information service, Pages 40-41.

SOUTH AFRICA

GOLD shares continued their recent recovery in Johannesburg boosted by firm bullion prices and the weaker rand.

Vaal Reef rose R4.50 to R217 and Kloof gained R1 to R23.50. Cheaper priced gold shares tended to be between five and 25 cents firmer.

Strong gains were also seen among other mining issues. Impela advanced R1.25 to R31, while De Beers rose R1 to R24 and Palamin gained 75 cents to R21.75.

Industrials continued mixed.

SINGAPORE

LIGHT SELLING pressure from institutions and private investors again depressed Singapore, where the Straits Times industrial index eased 2.48 to 574.19.

Promet was actively traded in the wake of the previous day's announcement of its 1985 loss. The shares fell 4 cents to 25½ cents on turnover that represented 17 per cent of the market's total.

Singapore Airlines remained among the heavily traded issues, picking up 10 cents to S\$5.25. Singapore press put on 5 cents to S\$5.90.

Elsewhere, New Straits Times shed 42 cents to S\$4.08 in light trade while Fraser and Neave was 15 cents lower at S\$5.85.

AUSTRALIA

RENEWED interest in industrial stocks spurred Sydney to close firmer after early losses. The All Ordinaries index rose 3.1 points to 1,210.3.

BHP rose 6 cents to A\$7.50 amid continuing bid activity. The advance was also attributed to a technical adjustment related to the expiry of April options. Bell Resources gained 5 cents to A\$4.35. The Bell Group ended unchanged at A\$8.00. Elders XL gained 10 cents to A\$4.45 and Adstream fell 5 cents to A\$13.25.

News Corp dropped 20 cents to A\$18.80. Equitcorp lost 3 cents to A\$1.88 after announcing a partial takeover bid for ACL, which was steady at A\$3.80.

Banks recovered from early losses.

CANADA

ADVANCES in the industrial and oils sectors underpinned a broad advance in Toronto in moderately active trading.

Cosolidated Bathurst added C\$1 to C\$27½ and Shell Canada was unchanged at C\$22½ as both companies reported lower first quarter earnings.

McLean Hunter was C\$½ ahead at C\$19 on increased first quarter profits. Ranger Oil traded unchanged at C\$5 following its agreement to buy all the shares of Canadian and Oriental Oil that it does not already own in exchange of stock.

Montreal also moved ahead.

EUROPE

Further peaks are scaled

A FURTHER batch of peaks were scaled on the European bourses yesterday despite growing concern over the path of interest rates. Corporate news again provided much to digest.

Brussels repeated the record-breaking performance of Wednesday with another 8.91 advance in the Belgian Stock Exchange index to 3,700.16.

Much of the market's activity was focused on the Générale de Banque rights issue. Subscriptions for the issue opened on Wednesday at a price of Bfr 5.250 on the basis of one new share for six existing shares. Yesterday's session trimmed Bfr 60 off the price of the bank's existing stock at Bfr 8.200.

Solvay featured also with a Bfr 110 rise to Bfr 8.920 despite the announcement that the European Community Commission had fined Solvay (along with 14 other companies) for breaching EEC anti-trust rules and for its involvement in a market-sharing and price-fixing cartel.

Utilities, which have underpinned much of the market's current rally, saw small gains with Intercom Bfr 15 higher to Bfr 3.990 and Ebas Bfr 20 up at Bfr 4.830.

Bekaert sprinted Bfr 150 ahead to Bfr 13,400 on further consideration of the wire group's recently announced plans to set up a new steel cord facility in the US.

Wagons-Lits found more buyers with a Bfr 70 rise to Bfr 8,060, while market leader Petrofina dipped Bfr 20 to Bfr 7,580.

The Paris record was attributed to more heavy domestic buying which largely offset the partial withdrawal by US investors due to the weakness of the dollar. Domestic demand has been underscored by the recent healthy corporate results and the liquidity afforded by the start of the new account.

Pernod-Ricard added Ffr 30 to Ffr 1,189 on results and its one-for-four bonus issue. Avions Dassault put on a good display with its Ffr 111 advance to Ffr 1,821, although Matra was unchanged at Ffr 2,500.

Valero rose Ffr 58 to Ffr 618 after the government's declaration that the car components maker was a defence indus-

try company, thus making it more difficult for Mr Carlo De Benedetti, the Italian businessman, to proceed with his takeover plans.

The profit-taking continued in Frankfurt on indications that the Bundesbank would not move to cut key interest rates. The Commerzbank index retreated a further 21.8 points to 2,182.3, its fourth consecutive fall. The unsettled dollar also contributed to the unease as leading export stocks were marked lower.

Deutsche lost DM 12 to DM 146 with VW tumbling DM 6.40 cheaper to DM 636 despite its announcement late on Wednesday that it had an option to increase its stake in Olivetti to 11 per cent.

Chemicals were also spotlighted with Hoechst 50 pf higher at DM 309.50 ahead of revealing that it would appeal against the cartel/price fixing fine imposed by the European Commission.

BASF at DM 318.10 was DM 2.40 cheaper while Bayer surrendered DM 8 to DM 320. Both groups announced increased dividends of DM 10 on Wednesday.

Among the banks, Deutsche Bank led the way down with its DM 12.50 setback to DM 882.50 and Dresdner turned DM 7.50 lower to DM 462. Commerzbank at DM 348 was off DM 4.

AEG was the bright spot in the electrical sector with its DM 1.20 gain to DM 339.70, while Siemens suffered a brisk DM 7 fall to DM 880.50. Brown Boveri rose 30 pf to DM 319.80 on its higher payout.

The offer of Feldmühle Nobel was closed after heavy oversubscription although Deutsche Bank, which led the

Continued on Page 43

HONG KONG

STRONG institutional demand for shares in the utilities sector and for Hongkong Bank underpinned a broad advance in Hong Kong.

The Hang Seng index rose 41.22 to 1,824.51, just short of the record high of 1,828.84 reached on January 9.

Hongkong Bank gained 23 cents to HK\$7.15 with trading in the stock accounting for about a quarter of the market's total turnover. Heavy foreign demand has been seen since a US broker drew attention to the bank with a buy recommendation earlier in the month.

Investors have apparently concluded that the shares are undervalued with a price earnings ratio of around 9, compared with an average 12 for the market overall.

Demand for utilities was reflected in a 69.22 point advance in that sector's index to 2,426.41. China Light and Hongkong Electric each rose 30 cents to HK\$17.20 and HK\$9.20, respectively.

TOKYO

Yen's rise provokes caution

THE FOURTH straight daily advance of the yen to a record high against the dollar further strengthened the hesitant mood in Tokyo yesterday, leaving share prices lower, writes Shigeo Nishiwaki of Jiji Press.

Speculative issue were sought on hopes of capital gains, but stocks that stand to profit from the government's efforts to expand domestic demand, fell after the strong advance the previous day.

The Nikkei stock average lost 85.97 to 15,682.05 on volume of 528.88m shares, down from 597.22m. Losses outpaced gains 483 to 350.

Expectations of a further rise in prices had been strong, since the account for delivery in May begins tomorrow. Another encouraging factor was that investment trust companies will be setting up funds worth a total of ¥250bn within a couple of days.

But investors proved reluctant to participate actively in the market due to the yen's continued upsurge.

Pacific Metals, however, spurred to score a daily limit increase of ¥80 to ¥359 on a report that the company had succeeded in developing powder stainless steel for easy processing.

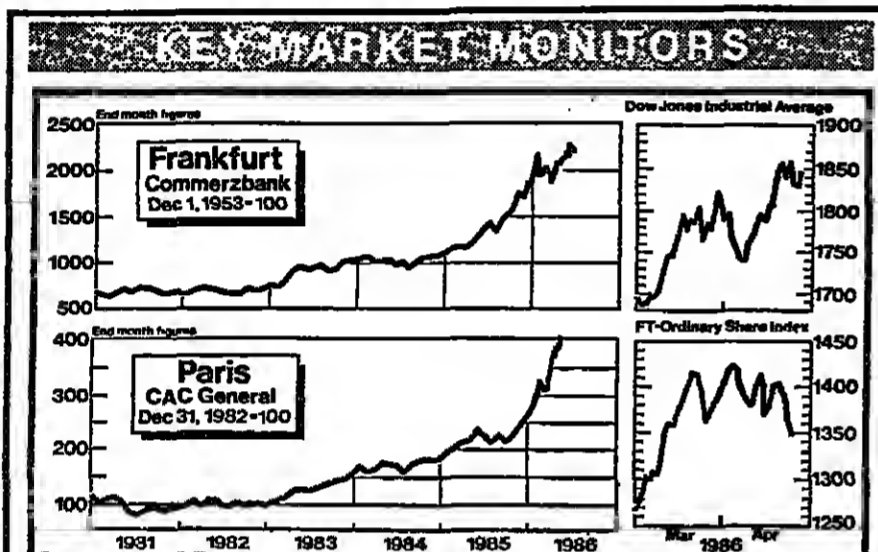
Mirroring its declining margin buying balance and market rumours of massive buying by speculators, Tohatsu continued to find demand, jumping ¥70 to ¥559.

Dainippon Ink and Chemicals, trying to purchase Sun Chemical of the US, the world's largest printing ink maker, drew strong buying support gaining ¥30 to ¥445.

Some blue chips finished lower after morning rises, with Hitachi dipping ¥9 to ¥875 and Matsushita Electric Industrial down ¥10 to ¥1,550.

The Yen's advance spurred expectations of another cut in the official discount rate and bond prices firmed, despite the continued fall on the New York bond market.

The yield on the barometer 6.2 per cent government bond maturing in July 1995 fell to 4.515 per cent temporarily from Wednesday's 4.575 per cent. However, it closed at 4.550 per cent as a result of later profit-taking.



STOCK MARKET INDICES				
	NEW YORK	APRIL 24	PREVIOUS	YEAR AGO
DJ Industrials	1,834.82	1,829.61	1,278.49	
DJ Transport	815.01	813.79	586.25	
DJ Utilities	187.22	187.63	155.25	
S&P Composite	242.68	241.75	182.25	
LONDON				
	APRIL 24	PREV	YEAR AGO	
FT 100	1,348.0	1,362.0	1,285.7	
FT-SE 100	1,815.5	1,832.7	1,285.7	
FT-A All-share	794.72	803.64	621.37	
FT-A 500	869.85	879.54	692.71	
FT Gold mines	284.8	273.3	515.1	
FT-A Long gilt	8.91	8.93	10.55	
TOKYO				
	APRIL 24	PREV	YEAR AGO	
Nikkei	15,682.05	15,748.02	12,217.80	
Tokyo SE	1,243.01	1,248.55	955.27	
AUSTRALIA				
	APRIL 24	PREV	YEAR AGO	
All Ord.	1,210.4	1,207.3	871.4	
Metals & Mins.	530.3	531.3	576.2	
AUSTRIA				
	APRIL 24	PREV	YEAR AGO	
Credit Aktien	129.15	130.69	79.76	
BELGIUM				
	APRIL 24	PREV	YEAR AGO	
Belgian SE	3,700.16	3,691.25	2,235.86	
CANADA				
	APRIL 24	PREV	YEAR AGO	
Toronto	2,179.5	2,185.1	2,028.0	
Metals & Mins	3,115.2	3,039.3	2,648.0	
Composite	1,600.75	1,594.21	1,307.4	
DENMARK				
	APRIL 24	PREV	YEAR AGO	
SE	n/a	249.39	182.7	
FRANCE				
	APRIL 24	PREV	YEAR AGO	
CAC Gen	400.5	391.0	213.6	
Ind. Tendance	151.2	148.8	75.8	
WEST GERMANY				
	APRIL 24	PREV	YEAR AGO	
FAZ-Aktien	720.73	724.94	426.03	
Commerzbank	2,182.2	2,204.0	1,232.7	
HONG KONG				
	APRIL 24	PREV	YEAR AGO	
Hang Seng	1,824.51	1,783.19	1,517.30	
ITALY				
	APRIL 24	PREV	YEAR AGO	
Banca Comm.	757.84	754.20	274.93	
NETHERLANDS				
	APRIL 24	PREV	YEAR AGO	
ANP-CBS Gen	270.7	271.3	206.1	
ANP-CBS Ind	256.1	257.8	168.1	
NORWAY				
	APRIL 24	PREV	YEAR AGO	
Osto SE	363.22	361.23	321.23	
SINGAPORE				
	APRIL 24	PREV	YEAR AGO	
Straits Times	574.19	578.95	796.06	
SOUTH AFRICA				
	APRIL 24	PREV	YEAR AGO	
JSE Golds	-	1,162.3	1,071.5	
JSE Industrials	-	1,085.1	893.8	
SPAIN				
	APRIL 24	PREV	YEAR AGO	
Madrid SE	170.92	172.36	80.92	
SWEDEN				
	APRIL 24	PREV	YEAR AGO	
J & P	2,314.05	2,367.30	1,448.85	
SWITZERLAND				
	APRIL 24	PREV	YEAR AGO	
Swiss Bank Ind	593.0	589.2		
WORLD				
	APRIL 23	PREV	YEAR AGO	
MS Capital Int'l	320.7	321.7	203.7	
COMMODITIES				
	APRIL 24	PREV	YEAR AGO	
(London)				
Silver (spot fixing)	\$31.75p	\$35.35p		
Copper (cash)	\$941.00	\$951.25		
Coffee (May)	\$2,289.00	\$2,268.00		
Coffee (May)	\$12.60	\$12.15		
Oil (Brent blend)				
GOLD (per ounce)				
	APRIL 24	PREV	YEAR AGO	
London	\$344.75	\$346.25		
Zurich	\$344.00	\$345.00		
Paris (fixing)	\$346.87	\$349.52		
Luxembourg	\$346.30	\$347.25		
New York (June)	\$346.40	\$348.10		

OVER 262 MILLION DM

... ARE OFFERED IN THE 79th SÜDDEUTSCHE KLASSENLOTTERIE and will bring wealth and prosperity to thousands of lucky ticket holders. In fact our lottery, well known for its low and stable ticket prices, its long tradition and state guaranteed reliability, maintains the best ever winning chances i.e. 340,173 numbers out of only 700,000 and gives away the largest percentage of the stakes as prize money.

SKL TREASURE TROVE	
2 x 2 Million DM = 4,000,000 DM	
2 x 1.5 Million DM = 3,000,000 DM	
3 x 1 Million DM = 3,000,000 DM	
4 x 750,000 DM = 3,000,000 DM	
8 x 500,000 DM = 4,000,000 DM	
19 x 250,000 DM = 4,750,000 DM	
23 x 100,000 DM = 2,300,000 DM	
12 x 80,000 DM = 960,000 DM	
339,612 prizes under 10,000 DM = 229,740,000 DM	
340,173 PRIZES AT A TOTAL AMOUNT OF 262,910,000 DM	

During the 27 draws of the series there will be a TOP PRIZE OF THE WEEK EACH DRAW: TWO PRIZES OF 2 MILLION DM EACH, 2 x 1.5 MILLION DM, 3 x 1 MILLION DM, 4 x 3/4 MILLION DM, 8 x 1/2 MILLION DM, 16 x 1/4 MILLION DM. During this series there will also be another 340,146 worthwhile prizes ranging up to 250,000 DM. Even the 118,000 smallest prizes in the 6th class are considerably larger than the stakes paid for the tickets. The first draw is on May 10th, 1986, when 1/4 million DM will be raffled along with thousands of other money prizes.

Making many happy winners is our business

... and chances in the SKL are great. With a limited supply of only 700,000 tickets numbers in the game, we guarantee that 340,173 prizes totaling well over 262 million DM will be raffled. This means that nearly every second number is a winner. One complete lottery (series), extending over a 6 month period, is divided into 6 classes. Each single class has 4 draws (one every Saturday) except the 6th (main) class which has 7 drawing days running over a period of six weeks. The total of winning numbers and the value of prizes increase with each class up to the last two draws of the series when TWO PRIZES OF 2 MILLION DM EACH will be raffled!

The lottery is state administered